

Credits in the Flood Area—Page 19

XXIX, No. 6

June, 1927

CREDIT

MONTHLY

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K.S. YOERNER

J.H. TREGOE

1902—A Silver Anniversary of Service—1927

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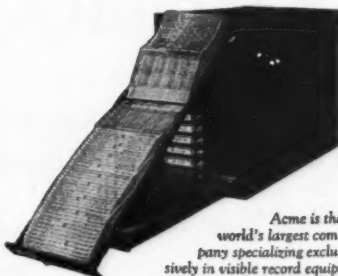
"I'm sorry to say he is, and for the second time," replied the accountant. "Recently he's had several serious setbacks in his business. We'll have to watch him."

When an old customer suddenly becomes slow-pay, it's startling. Certain accounts seem so absolutely gilt-edge. Yet now and again the best of them will slip. And only the most perfect accounts-receivable records will show it instantly and automatically.

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Surplus to Policyholders	10,155,586

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JUNE, 1927

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"Through the Year with Tregoe"

A COMPILATION by Harry W. Thompson, edited and published by Mr. Thompson and J. Victor Day with the imprint of The Tudor Press, Inc., 251 Causeway Street, Boston, Mass., consisting of quotations from the writings of J. H. Tregoe, executive manager of the National Association of Credit Men, under the title of "Through the Year with Tregoe" contains the following:

Cheap credit work is the most expensive kind of work an enterprise can buy.

We cannot play fast and loose with terms if we want to conserve profits.

Sound credit is at the foundation of business success.

We have been inclined long enough to place credit in one of the rear benches and production and distribution in the front rows.

Without a sound credit policy no business enterprise is safe.

Unfortunately it is quite customary for credit managers to place the blame for failure upon the debtor, and not to realize that credit is a two-party affair wherein he who gives and he who accepts have mutual obligations.

Even though production and distribution fall off, if the credit policy has been carefully developed the damage suffered will be far less than if the other two items were active and the credit policy unsound.

In the midst of a jazzy afternoon, with too many of our people moving without direction, it is important, above all things, that the controllers of our trade and financial destinies should be broad of vision and strong of mind, with a courage to speak always the truth. We must hold fast to what we have and add more. This can be done by the wise uses of credit, by initiative and hard work.

THE CREDIT MONTHLY

THE NATIONAL MAGAZINE OF BUSINESS FUNDAMENTALS

(Member, Audit Bureau of Circulations)

Editorial and Executive Offices, One Park Avenue, New York

RODMAN GILDER, Editor

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No. 6

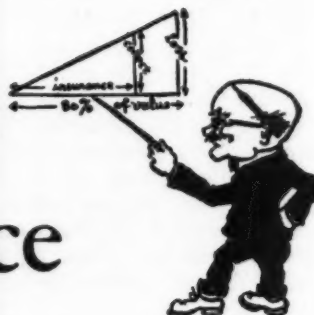
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Pittsburgh Profits

THE membership contest, which took the form of a baseball league series, entered into by ten local Associations of Credit Men in the Eastern and Central Divisions, proved that great benefits may be derived from participation in such contests even by those who do not win the series.

The Louisville Credit Men's Association, with a percentage of 1,000, that is, with a record of winning all of the nine games, won the silver trophy, a picture of which appeared in the May CREDIT MONTHLY. The Pittsburgh Association, however, was runner-up with a percentage of .888, having won in eight weeks and lost in one week, and obtained 69 new members, which is more than any other two teams during the series.

The Correct Angle on Co-Insurance



THE Co-Insurance Clause is an agreement between Insured and Company that the former shall maintain insurance equal to 80%, 90% or 100% (as the case may be) of the value of the property covered; failing so to do he shall bear such portion of any loss as the insurance lacking would have paid if in force. It is variously known as "Reduced Rate Average Clause" or "Reduced Rate Contribution Clause."

With slight modifications it reads:

"In consideration of reduced rate and/or form under which this policy is written, it is expressly stipulated and made a condition of this contract that in the event of loss this company shall be liable for no greater proportion thereof than amount hereby insured bears to% of actual cash value of property described herein at time when such loss shall happen, nor for more than the proportion which this policy bears to the total insurance thereon."

A co-insurance clause forms as much a part of the rate as the actual rate figure. It assures a fair deal. It means that the man who pays premium on only that part of his risk which is more apt to burn cannot secure for that premium complete protection for his whole risk at the expense of the man who believes in complete protection and insures all.

A co-insurance clause always is recognized by lower rates. The insured is paid in dollars and cents for his foresight in adequately insuring.

HOW IT WORKS

Policies of insurance, without co-insurance pay:—Either (1) The total amount of the loss or (2) The total amount of insurance, **WHICHEVER FIGURE IS THE SMALLER**. Add a co-insurance clause (the 80% for unity's sake) and a third limitation is introduced, viz., (3) The percentage of the loss which the insurance bears to 80% of the value at time of loss.

The policy then, pays the smallest of these three amounts:—

(a) The actual loss. (b) The total insurance (c) The figure determined by this formula: Amount of insurance times amount of loss divided by 80% of the value at time of loss.

The following four examples show the workings of the 80% co-insurance clause.

[1] *Loss and insurance equal or greater than 80% of value. Value \$10,000. Loss \$9,000. Insurance \$8,000.*

The three limitations are

- (a) Amount of loss \$9,000.
- (b) Amount of insurance \$8,000.
- (c) Co-Insurance proportion $\$8,000 \times 9,000 \div 80\% \text{ of } 10,000 = \$9,000$.

The insurance then pays the smallest of the three or \$8,000, the total amount of insurance carried.

[2] *Insurance less than 80% of value, but loss equal or greater than 80%. Value \$10,000. Loss \$9,000. Insurance \$6,000.*

The three limitations are

- (a) Amount of loss \$9,000.
- (b) Amount of insurance \$6,000.
- (c) Co-Insurance proportion $\$6,000 \times 9,000 \div 80\% \text{ of } 10,000 = \$6,750$.

The insurance then pays the smallest of the three or \$6,000, again the total amount of insurance.

[3] *Insurance equal or greater than 80% and loss less than 80% of value. Value \$10,000. Loss \$6,000. Insurance \$8,000.*

The three limitations are

- (a) Amount of loss \$6,000.
- (b) Amount of insurance \$8,000.
- (c) Co-Insurance proportion $\$8,000 \times 6,000 \div 80\% \text{ of } 10,000 = \$6,000$.

The insurance pays the smallest of the three or \$6,000, in this case the total amount of the loss.

[4] *Both insurance and loss less than 80% of value, the only case when settlement of loss is affected. Value \$10,000. Loss \$6,000. Insurance \$6,000.*

The three limitations are

- (a) Amount of loss \$6,000.
- (b) Amount of insurance \$6,000.
- (c) Co-Insurance proportion $\$6,000 \times 6,000 \div 80\% \text{ of } 10,000 = \$4,500$.

The insurance pays the smallest of these three or \$4,500, arrived at by the co-insurance equation.

NOTE CAREFULLY that only in one of the above examples (No. 4) is the assured penalized FOR NOT COMPLYING WITH THE CLAUSE, VIZ.: NOT CARRYING INSURANCE UP TO 80% OF VALUE. Had he done so he would have had \$8,000 of insurance and would have received \$6,000 being the amount of his loss in full.

A Co-Insurance Clause is meant to be complied with

If the eighty per cent clause is used then the assured should watch the cash value of his property and keep his insurance up to eighty per cent of such value. If he does he will not be penalized in event of loss, large or small. If he does not keep insured up to the percentage of his co-insurance clause he will NOT be penalized where loss is equal to or greater than the percentage of his co-insurance clause. But he WILL be penalized if loss is less than the percentage of such clause.

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The CONTINENTAL
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Penetrating the Future

"IF we could only see clearly into the future, what a difference it would make in the profits of this business!" exclaimed the Assistant Credit Manager.

"The most immediate effect," answered the Credit Manager, "of being able to tell accurately what is ahead of us would be that you and I, and in fact the entire Credit Department would be pretty nearly superfluous. A very large part of our function in this big business organization is to make accurate forecasts as to future trends of business in general and future performances of our credit customers in detail. Take that function away from us, and what have we left?"

"If we were absolutely certain that Patrick Rosenbaum Mantellini would put in our hands on the tenth day of next month a signed, *cashable* check for \$922.50, we would not have to look up his record as a customer with us; study our salesman's most recent report about him; look him up in the agency rating books; get a signed property statement from him; get an Interchange Bureau report; telephone one of our friendly competitors to get what information *he* has; and look up the commercial laws of his State to see what he could get away with legally.

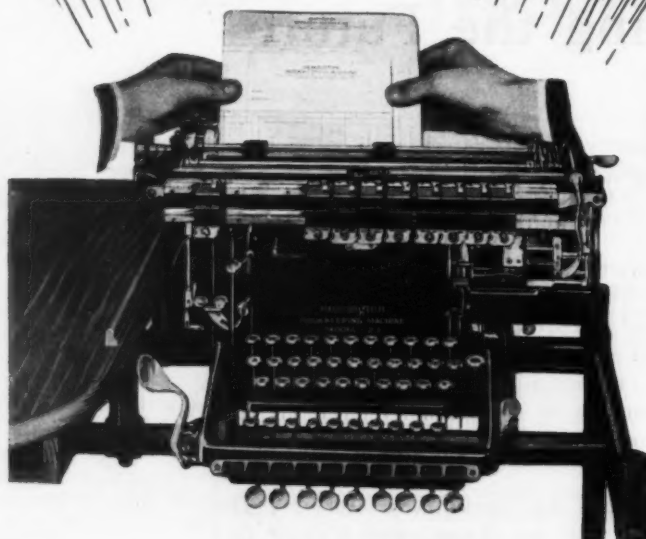
"But if we did not have to do these things, if we knew exactly how business in general was moving, and how our own customers were going to behave,—what interest would there be in life,—how dull business would be!

"I have often thanked my stars that there is no possibility of accurately reading the future, either in business or in any other phase of existence."

Rodman Gilder

Editor.

SPEED



More Bookkeeping Speed

The forms are inserted from the front, without revolving the platen. Several forms may be collated, inserted, and posted in one operation.

The operation of the AUDIT SHEET is entirely automatic—an exclusive Remington feature. This audit sheet is always in position for the next entry, regardless of the position in which the entry is being posted on each individual account.

WHEN all is said and done, efficiency and economy in bookkeeping depend mainly on the speed of the process, for speed means time saving, and time saved always means money saved.

The Remington Bookkeeping Machine has been the leader in the introduction of the speed factor in all bookkeeping work. Greater speed of typed over pen-written work; greater speed through combined adding and typing; greater speed in the performance of several necessary operations in one writing; greater speed through the elimination of errors, and the time loss caused by errors;—all these

are among the time-saving achievements of the Remington Bookkeeping Machine.

To all of these, Remington has now added another speed factor, a new front feed mechanism without parallel for the swiftness with which forms may be collated, inserted, and registered.

This added speed feature is more than decisive. It places the Model 23 Remington in a class by itself, for speed, accuracy, economy and efficiency among bookkeeping machines.

There is a Remington Bookkeeping Machine to fit every individual requirement. A demonstration of the machine on your own work will be given whenever you ask it, without any obligation to yourself.

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THE CREDIT MONTHLY

Vol. XXIX

JUNE, 1927

No. 6

Improved Office Operation Credit Managers Describe Economical Equipment

By S. W. Leaver, P. L. Bishop and O. E. Munn

ONE of the interesting features of this year's National Association of Credit Men convention in Louisville will be the Business Show to be held throughout the week at the convention headquarters in the Brown Hotel, and arranged for the purpose of exhibiting the newest systems and appliances designed for use in credit departments. In this connection, the CREDIT MONTHLY feels that it will be timely to give the experiences of a few credit managers who have recently reorganized their office methods and installed new equipment with beneficial results. Other executives who are contemplating changes that will bring their credit department methods up-to-date will find in the reports below definite information that will be helpful and may save them time in their investigations. Further details as to the machinery and devices mentioned will be given upon request.

Small Office Staff for Large Company

By S. W. Leaver, Treasurer

Inter-Mountain Electric Co., Salt Lake City

I MAY be somewhat of a "nut" on the idea of machines in a well-run office to-day, but it is my belief that a good machine adapted to the purpose for which it is intended produces not only faster but more accurate work than any clerical worker can, and this belief has been support-

ed by my experiments. In our office, we use machines of all types, and whenever we find a machine which can be used for any detail or clerical work without requiring the employment of additional clerks, we adopt it.

The results of this policy are perhaps shown in the fact that, although we do somewhat more than a \$1,000,000 worth of business in electrical supplies annually and have nearly 100 employees, there are only 20 people employed in office work, ten girls and ten men and boys. Below is a classification indicating the work done by machinery.

DICTATING.—We use dictating machines entirely in place of shorthand dictation, having eight machines in all. One operator handles the work of all of these eight machines, and in this way we estimate that we save at least two stenographers.

ACCOUNTING.—We use one of the latest type book-keeping machines, and with it post all of our books, including wholesale and retail ledgers and our general books, having no hand posting at all. This machine not only keeps customers' statements up-to-date, but also segregates on the ledger sheet the sales of each month, thereby saving much time in book-keeping. It also affords an analysis of customers' accounts so that at any time we can see how much of a balance is thirty, sixty, ninety or one hundred and twenty days old. We use two calculating machines of the key-driven type. The operator of one

extends all billings, and checks all purchase and sales invoices, the other handles all the sales and statistical information in connection with the month's business.

HANDLING OF MAIL.—For opening mail, we have a hand operated machine, though it could be easily equipped with a motor if desirable. Our sealing machine is motor driven and works at a very high rate of speed. A multiple machine stamps the letters. One boy with these three little machines takes care of our entire incoming and outgoing mail, a job which I am sure would take three times the labor if done without the machines.

With a folding machine which will fold almost any size of sheet in either of two styles of folds, the same mailing clerk folds all our outgoing mail in a few minutes each day. We have planned our forms, invoices, statements, letterheads and so on, so that with one or two folds they will just fit our envelopes, all of which are the outlook type, so there is no addressing to be done.

PRINTING AND DUPLICATING.—All of our printing for the house, with the exception of the register rolls used in sales work and the ledger sheets which are too large, are printed on a multigraphing machine, which will take any sheet up to 9 x 12 inches. We find that operating this machine not more than one-third to half the time and still paying the operator full time, we have cut our

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ence room, which I may say has hard-ly been used. The offices are open so that the executives can see and be seen at all times. This, we think, gives our customers a feeling of friendli-ness towards us that is worth while.

In shifting the office, we were able to do away with an information desk at which sat the girl who operated the switchboard. After this was moved into the general offices, the same girl was able to do many other things be-sides answer the telephone and give information.

Staff Reduced

When we came in, there were three young women, a man bookkeeper and the credit manager in the office; we reduced the staff to two girls and the credit manager. In doing this, the system had to be changed consider-ably. We try to make the original entry of an item the only entry as far as this is possible.

It happens that our traveling sales-men deliver a large amount of the goods they sell. When they deliver a bill of goods, they make out a sale sheet, the first copy of which goes to the customer, the second to us, and the third remains in the book for possible future reference. The du-plicate which comes to us is checked to avoid errors and then it is pasted into the sales book and becomes a part of our permanent record, from which the posting is made to the cus-tomer ledger.

Records of Payment

When a customer pays a bill, it usually has to be checked up, and, as it is checked, the posting is done, which finishes the entire transaction. When a check comes in not attached to any remittance sheet, the envelope bearing the customer's name is kept with the check and the amount of payment noted on it. This envelope goes into a larger envelope which has on the outside the date of the bank deposit, and, after all the entries are made, the amounts that have been posted are run off from the ledger (which, in this way, becomes the original entry) and the adding ma-chine tape is placed in the large en-velope. This is the only record kept, and does away with making endless entries in the cash book, though it provides a perfect record if later a check-up has to be made.

The same principle is followed with accounts payable. The invoices are

Form No. 7926	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.	Paym't.
Jan.	627	627	627	627	245								508
Feb.		256	256	256	256								189
Mar.			479	479	479	425	420						525
Apr.				439	439	439	439	402					420
May					288	288	288	288	110				422
June						475	475	475	475	107			531
July							638	638	638	528	161		78
Aug.								411	411	411	411	133	456
Sept.									577	577	577	577	581
Oct.										435	435	435	437
Nov.											746	746	525
Dec.												421	438
Total	1802	1844	1823	1841	1707	1650	2160	2114	2111	2108	2330	2312	
Mann, W. H. Appleton, Wn.													

Fig. 2. This visible index card shows a division of the arrears applicable to each month, and consequently the total age of the account, amount of monthly payments and purchases for the month. (Actual size 6 in. x 4 in.)

checked up by department heads from their own orders or from copies of the orders furnished by factories from which buying was done. They are then checked for errors in the office. The amounts are then run off on sheets for the various depart-ments, and at the end of the month, the entire invoices for the month are totaled. The total has to agree with the totals of the departments. The total is posted to accounts payable controlling account. The invoices are then filed for payment according to due dates, and when payment is made, it is made from the invoices themselves.

In making out checks, we enter the date of the bill in the margin left for that purpose, and the amount op-posite the date, total these and deduct the discount. This is done with the use of a carbon sheet and gives us a perfect record of the transaction. Posting to the general ledger is done from these duplicate sheets, doing away with the cash book except for such limited purposes as to be prac-tically journal entries. Our checks are made to fit into outlook envelopes. By these simple economies, the work is cut down so that posting of all kinds is rarely over a day behind, and statements are sent out on the first day of the month.

Waste of Electricity

One great waste we discovered when we took over the company was in electricity. The building is 50 x 100 feet, with four floors and a base-

ment. The electric light switches were all placed in the rear of the room on each floor. In order to turn on any light, it was necessary to turn on a switch, and each switch regu-lated three lights. The net result of the system was that the entire num-ber of lights on each floor were on most of the time. By the simple device of attaching pull switches to each of the lights, the salesman could and would turn a light on and off as needed, and the consequence was a saving of from 30 to 50 per cent sav-ing in electric light bills.

19th Century Collection Letters

A GOOD deal of thought and postage is spent these days on collection letters that will collect and not offend. The old-fashioned meth-od was simpler; the creditor merely put a notice in the local paper and went after all his debtors at once. Here is an advertisement taken from an old copy of the Peru (Indiana) Gazette:

The First Call

I am at this time in great need of Cash and would request those indebted to me to make payment, particularly those of long standing, to pay up without delay. I am not in the habit of dunning this way and very much dislike to do it. A hint to the wise is sufficient.

ALBERT COLE.

November 30, 1839.

How the Credit Manager Hires

A Study of Personnel Based on a Questionnaire

By E. C. Martin

THE girl behind the bookkeeping machine, keeping customers' orders and payments up-to-date—the clerk filing credit correspondence—the secretary smoothing the path of a busy day—the young assistant credit manager who handles the more routine credit work—the stenographer, the dictaphone operator, the mail clerks, the office boy—all these are what the credit executive visualizes when he thinks of personnel. Every credit executive knows how much the success of his department depends on a personnel which can not only accomplish the work in the ordinary line of duty but which can on occasion do the extraordinary.

The successful executive, being human, feels that he has not only selected an efficient and capable personnel, but that he has trained his personnel to be able to meet extraordinary emergencies. Every man, woman or child who has ever hired the services of another individual, acquires almost immediately some theories of his own about the great problem—hiring and firing.

The CREDIT MONTHLY has succeeded in getting some valuable information which tends to show the opinions and experiments of the cred-

it fraternity acquired while dealing with the employment question. Eighteen carefully selected questions on personnel were submitted to nearly two hundred credit executives. On the basis of the replies, two articles have been prepared, of which this is the first. In the present article only the hiring aspects of credit department personnel will be discussed. In the second article, the methods used to keep and train good employees will be considered.

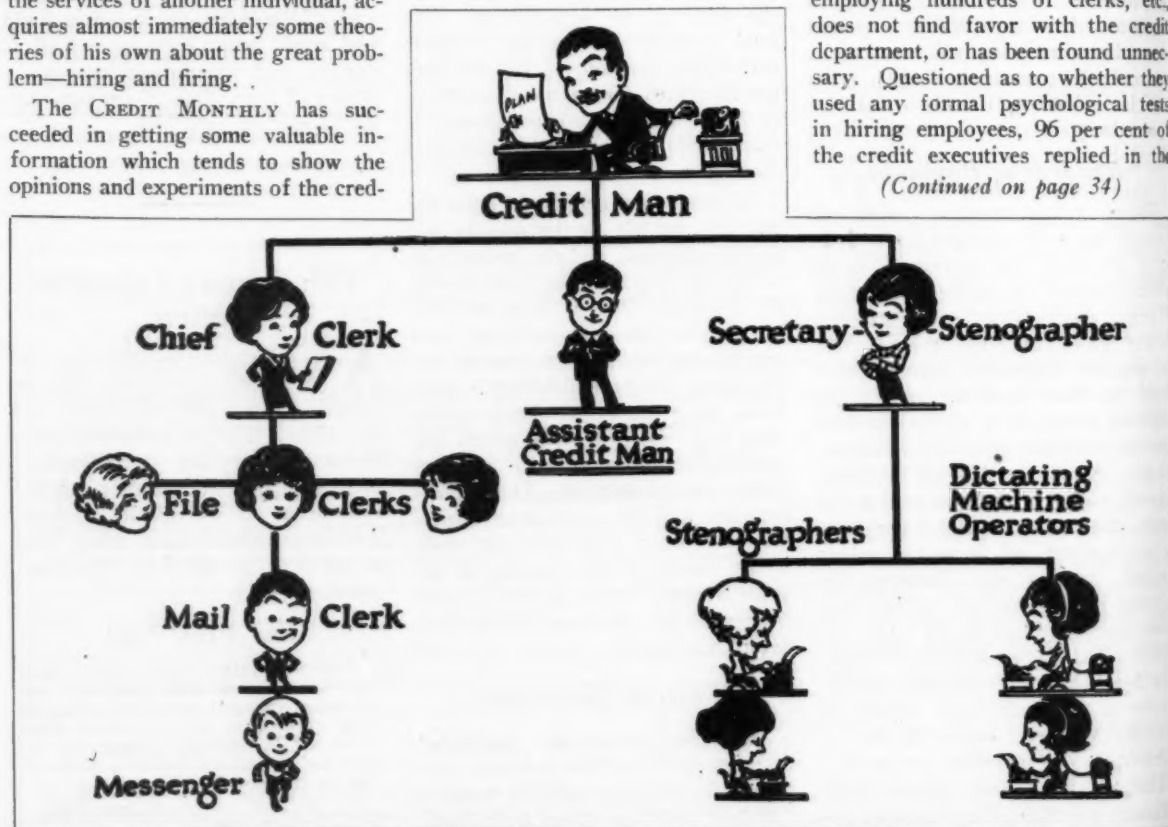
It was found that the average credit executive answering the questionnaire is responsible for a personnel of 22.5 individuals with the individual figures ranging from 2 to 650 persons. Of this general personnel for which the credit manager is responsible, an average of 4.61 individuals were actually engaged in credit work, with these individual figures ranging from 1 to 20.7 persons. The

high cost of turnover in personnel is clearly recognized. It is gratifying to learn that in credit departments generally turnover of employees has been kept uniformly low; some of the replies gave actual percentage figures, others gave a general estimate such as "small" or "none in two years", "none in 3 years", "five in seven years", etc. One credit executive, responsible for a personnel of 650, kept the annual turnover down to 18 per cent. The lowest turnover percentage given was "none in the credit department"; next to that is a percentage as small as $\frac{1}{8}$ of 1 per cent. These replies point strongly to a fairly low personnel turnover in the credit department as well as in other departments for which the executives questioned are responsible.

The Psychological Test

Evidently the formal psychological test, often used by large institutions employing hundreds of clerks, etc., does not find favor with the credit department, or has been found unnecessary. Questioned as to whether they used any formal psychological tests in hiring employees, 96 per cent of the credit executives replied in the

(Continued on page 34)



Nationalize the Bureaus!

Success of Credit Protection Work Points the Way

By William H. Pouch

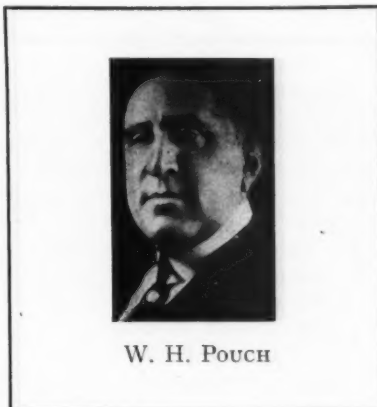
President, 1926-27, National Association of Credit Men

In his Presidential Report to the 32nd Annual Convention of the National Association of Credit Men, at Louisville, William H. Pouch recommends strongly that all local Associations of Credit Men having only part-time secretaries raise their dues in order that full-time men may be secured to manage the associations. He also makes the following plea for the nationalization of the Service Bureaus:

THE big problem of the National Association of Credit Men is to improve the service rendered by our three Service Bureau Departments,—Credit Interchange, Adjustment and Credit Protection,—from year to year until they give a better service than can be secured from any other organization. For many years we have been endeavoring to operate these departments locally, but the progress has been slow, and in many localities unsatisfactory. In our commercial life today, amalgamations and consolidations are taking place all around us, and business is becoming nationalized. Why not keep up-to-date and nationalize our service bureaus?

Credit Protection Results

Two years ago it was deemed advisable to nationalize our Credit Protection work. What has been the result? Let us examine a few figures. From 1921 to 1925 we secured 451 indictments and 148 convictions, an average of 90 indictments and 30 convictions per annum. Since July 1, 1925, we have secured 720 indictments and 237 convictions, an average of 360 indictments and 119 convictions per annum. Would anyone suggest that we return to the old method? For seven years a dozen local associations with feeble national assistance tried to fight commercial crime. Progress was made,



W. H. POUCH

but it was slow and unsatisfactory. The results contrasted with what has been done in the past two years prove conclusively that such work must be carried on nationally. The success achieved by this change should be an object lesson to us and, it seems to me, demonstrates that we must nationalize our other service bureaus if we are going to keep up-to-date and compete with the other commercial organizations throughout the country.

Adjustment Bureaus

Many local associations have established Adjustment Bureaus which are serving a more or less limited territory in a more or less efficient way. A few of these bureaus are capably managed and are a credit to the system, but the large majority need national control and assistance very badly. Some of the smaller locals cannot financially support a local bureau, but the National Association, with a clientele of 29,000 mercantile houses and banks, should be able to secure sufficient business to successfully operate adjustment bureaus in strategically located cities throughout the country. I am not only convinced that this can be done, but I believe it should be done as a form of service to our members. The same procedure must be followed as was followed in

the Credit Protection Department. The entire system of adjustment bureaus should be placed under a united control, with the policies formulated by a central body and the personnel directed by the Executive Manager or his representative. With a chain of strong, efficiently managed, properly financed, strategically located adjustment bureaus we could render a wonderful service to American business.

Interchange Bureaus

The other service bureau, namely the Interchange, is further advanced in its work, but it also needs the same treatment. This activity was originally started to serve local territories and as time went on has been expanded to cover larger fields. During the past five years progress has been made in standardization of forms, policies, and practices, but there is plenty of work ahead to bring the 84 units into closer co-operation. This bureau finds competition very keen and, if it is to succeed, it must widen its scope and increase the service rendered to its members.

During the year a start has been made to solve the Trade Group problem which has been a source of worry to this department for some time, but there is a great deal to be done along that line yet. The local associations cannot solve this problem; it is national in scope and must be handled by the national organization. Local pride should not be permitted to prevent credit managers from operating a mutual non-profit-making organization for the exchange of ledger information. To succeed, however, it must be run on business principles for the benefit of all, with favoritism to none. The more intimately one studies this problem the more one becomes convinced that the local interchange bureaus should be operated under national control and their policies laid out by the National office if we are going to compete successfully with nationally operated and privately controlled money-making organizations.



The Credoscope

J. H. Tregoe

A Startling Comparison

IT is natural for us to ask: Is it more important to the Nation's welfare and its moral standard to prosecute the debtor who has criminally defrauded his creditors under the guise of trade or the offender against the Nation's prohibition and narcotic laws? From the material point of view, at least, the former cannot but be regarded as a superior task when all things are considered, but the statistics of the year's operations in one of our active Federal districts revealed a disparity that makes one wince and question the inequalities.

In this district for the fiscal year that ended June 30, 1926, there were 347 prosecutions under the prohibition laws and 266 prosecutions under the anti-narcotic laws. In the same year there were 7 prosecutions under the criminal provisions of the Federal Bankruptcy Law. For the year in review in this district there were 339 convictions under the prohibition laws, 216 convictions under the anti-narcotic laws and four convictions under the National Bankruptcy law. The aggregate amount of fines, forfeitures and penalties in convictions under the prohibition laws amounted to \$251,628, under the anti-narcotic laws \$36,802, under the National Bankruptcy Act \$232. The prison sentences imposed in convictions under the National Prohibition Act amounted to 16 years, 1 month and 22 days; under the anti-narcotic laws 293 years, 7 months, 22 days; under the National Bankruptcy Act, 7 months.

We may well marvel at this disparity, and we may understand in a more graphic way than ever how open our receivables would have been to criminal attacks but for the protection offered by the Credit Protection Fund and the machinery, set up and operated by the Fund, for a

relentless prosecution of commercial crime. These figures bring out in bold relief the penetrating fact that the commercial bandit had really little to fear until business became aroused, arranged to exercise effective self-protection and requested and secured a larger share of the Government's co-operation than had customarily been given.

Attack!

WE should deem it very foolish when a person gets into ill health if he deferred treatment of any kind with the hope that a change for the better might occur or, to put it in other words, that nature might take another course. Transposing this sentiment to the field of business, we find it is all too prevalent with credit departments to mark time for some reason or other when a debtor is in evident distress and might be rejuvenated if a good remedy or some good relief were applied at once. This inactivity when relief or sensible action should be taken has two bad results. It cultivates an inefficiency among credit departments in the handling of difficult accounts and it encourages debtors to take advantage of their decline by selling goods out of the proper courses of business, and if the moral side of the debtor is weak, to pocket some of the proceeds before the empty shell is turned over to the bankruptcy court, or to an Adjustment Bureau for liquidation.

In illustration, take a case where the owner is gradually failing and shows it by the manner in which his contracts are met. At the first sign of distress, if his business were taken in hand for relief or for liquidation, there would in most instances be something substantial for creditors. At this stage of the game the chances are in most cases that creditors would suffer no material loss, if any

at all. The business, however, is allowed to proceed. New merchandise is purchased, indebtedness mounts, the stock gradually gets down to the dregs, poor credits may be made by the merchant, and, when there is no other recourse but bankruptcy or other form of liquidation, the creditors find that there is a wide variance between assets and liabilities and that the liquidating value of the assets is in small proportion to the costs or to face value.

Because of this slowness of action and permitting businesses to decline until only shells remain I estimate that the cost to creditors is many millions of dollars annually. This is one of the defects that credit managers ought to wake up to and take notice of. I do not know of any professional or any mechanic who should be more alert than the credit manager, for on every hand he has subjects for study, changes are constantly imminent, and dispatch can do more in many situations than the finest technical skill applied when the trouble is reaching the incurable stage.

The credit manager should attack always rather than be attacked. In so doing he has an advantage, and in this alertness he will increase the protective efficiency and the profits of his department.

A Beautiful Pilgrimage

ON a morning that gave every promise of a most attractive day, a little party of us left Louisville on a pilgrimage that would arouse the soul of a better descriptive writer than myself.

For nearly half a hundred miles we traveled over a Kentucky highway to Bardstown, a name that will not have a familiar ring to many of my readers, but it is now within a year of a century and a half old, having been incorporated by an act of the Virginia Legislature in 1778.

This happened before Kentucky became a State.

On the edge of Bardstown, enshrouded in foliage, breathing Kentucky's atmosphere, is a Colonial mansion, severely plain but dignified, intriguing to the imagination, and arousing every poetic impulse, and now known as "My Old Kentucky Home." When singing this popular melody of the old South, not many realize that the poetry of its writer was inspired by this Colonial home.

John Rowan was one of Kentucky's pioneers, and on its admission as a State was placed in high positions, eventually representing Kentucky in Congress as a Representative and a Senator. Senator Rowan, known locally as Judge Rowan—for he was a man of profound legal ability—had enjoyed prosperity, as a pioneer of the State; and this beautiful home on Federal Hill was intended as a summer home, and since its first days the wild woodlands around it abounded with game.

A nephew of the Senator's, Stephen Collins Foster, spent many summers at this mansion, his lyrical soul was stirred by its beautiful sentiment, by the home life of the old South, and in 1852 he memorialized his lovely mansion by the song "My Old Kentucky Home."

It gives a genuine thrill to stand in the quietness of this old place, to hear the sighing of the trees, that have stood for so many years beside this mansion, built in 1795.

Inside, you can visualize the hospitality of the old Senator, the dignity of his ideas, and the richness of his achievements. This mansion contains the old furnishings exclusively, and has been saved from the overcrowding that makes Mount Vernon and the Hermitage so like a museum. The poster beds, more than a century old, with the plainness but richness of their carving; the four-square piano, one of the very first made in this country; the "what-not"; and the woven rag mats, carry one back in imagination to the days when entertainment brought many guests to this old Southern home, when its halls rang with the merriment and the gaiety of Kentucky youth.

It isn't surprising that from the poetic impulses of Foster there should have been felt the greatest attraction for this Southern mansion, and it is a shrine that draws one nearer to his country, and makes

one realize what wonderful pioneers the country had.

Bardstown also was one of the earliest dioceses created in this country. This happened in 1808, and in 1816 there was laid the cornerstone of St. Joseph's Cathedral, the first erected West of the Alleghenies. The architecture and the atmosphere of this old church are most inspiring.

It happened that Louis Philippe, the Orleans Prince, when in this country was befriended by the clergy of St. Joseph's Cathedral, and on being called to the French throne, repaid the debt by the gift of several paintings, of incalculable value now. In this old Cathedral there are several paintings of Van Dyck, one by Murillo, and one by Rubens. The art treasures of this Nation contain no more valuable specimens of the masters, and there can also be seen vestments which are supposed to be the handiwork of Louis Philippe's Queen and her maids.

Passing from Bardstown very reluctantly, and carrying memories of the old mansion and the old Cathedral, so captivating to the imagination and the poetic senses in their individual and their historical settings, we traveled through some of Kentucky's distinctive scenery, and in a little while reached one of the Nation's greatest shrines, the birthplace of Lincoln. In rural surroundings, without any teeming of busy life, with only the memories and the budding foliage to commune with, one is brought face to face with the great principle of our Nation, that it is not in what circumstances a man is born but what he does that counts.

Stepping within the little log cabin, with its mud cement, we experienced a real thrill in visualizing the youth stretched out before the homely fireplace, who in his later days was to be the supreme workman of his day, a master mind of human justice and the superb leader of men.

Here, as in so many instances of greatness, the mother is signally honored, and it was her memory that must have cheered this many times lonesome man along the pathway of great trials and suffering.

To this shrine all the youth of the land can be brought, and re-baptized with an impulse to the very highest things, and when discouraged or in doubt no place should more quickly re-invigorate and give an uplift than the birthplace of Abraham Lincoln.

Being Old Fashioned

I DON'T care a straw if I am called old fashioned. The passing years have brought us many conveniences, many comforts, and progress for which we can be proud, but I will not concede that every new thing that has come to us in these years is an improvement on the older days. There are some traits and practices that the years cannot improve; old fashioned as they are, humanity would miss them.

New fangled ideas may be introduced into religion, but the old fashioned religion cannot be improved. We may argue and debate about creation and doctrinal ideas, but oneness with God is the old fashioned religion and this cannot be improved. We may introduce new fangled ideas into our relations with other people and in the treatment of our debts, but, debate as one may please or bring to bear a heavy artillery of logic, the old fashioned standard of honesty in paying bills cannot be improved.

In these days of speed when we move with a velocity that would have appalled our forebears, when we want to do so many things with whirling feet and whirling heads, I fear that some of the old fashioned and sentimental ideas may suffer shipwreck. In all of the gyrations we are passing through, in all the turmoil surrounding us, in all the avalanche of doctrines, in all the ideas of human responsibility, we must keep undimmed the old fashioned standard of honesty. I may advance a hundred arguments for declining to pay a bill; I may feel the surge of present day extravagances in the contraction of bills; I may consider it a very light matter to default on a bill, but Heaven help a people if such doctrines become general and there isn't implanted in the hearts of men a tenacious adherence to honest standards.

Napoleon said, on his abdication, "A live drummer is better than a dead emperor." I would rather be poor but a payer of my debts than be rich as Croesus and dishonest.

Keeping alive the old fashioned idea of honesty in paying bills is good not only for business, but for the Nation's backbone, because history proves that nations with an aptitude for trading pass into oblivion when their trading affairs are linked with dishonesty.

Greetings to N. A. C. M. from Governor Fields of the State of Kentucky

To the Editor of the CREDIT MONTHLY:

Will you please extend to the National Association of Credit Men a welcome from me in behalf of the business men of Kentucky?

I am sure that a majority of the people of Kentucky realize the great work being done by this organization, and we are indeed honored in that they have chosen Louisville as their next meeting place.

W. J. Fields.



Louisville Association and Interchange Departments

Louisville Adjustment Bureau and Collections Department

Samuel J. Schneider at his desk

Convention Delegates Invited to L. C. M. A. Offices



WAID H. MCKNIGHT

Association and Bureaus. For as Convention Director, with headquarters at these offices, I had a fine op-

portunity to observe how well laid out and efficiently managed they are. In fact, I became a little jealous at the idea of so many delegates swarming in and finding out what good offices they are—and perhaps deciding to become Convention Directors themselves.

But Sam Schneider, the genial and efficient Secretary of the Louisville Credit Men's Association, scoffed at my fears, even when I pointed out that an invasion of delegates might upset the remarkable morale of the

office force. (See photographs above.) "Why," Sam laughed proudly, "I don't believe a flood or a tornado would upset the morale of this office. So let's invite everybody."

That convinced me that he was right in extending a very cordial invitation to all Convention delegates to visit at their convenience the Louisville Credit Men's Association offices, 3rd floor Kenyon Building.

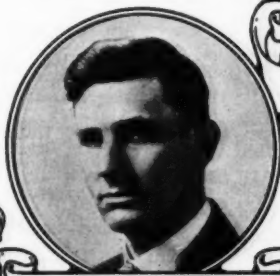
—Waid H. McKnight.

THE MEN IN CHARGE OF THE

32th ANNUAL CONVENTION



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VICE-CHAIRMAN, EXECUTIVE COMMITTEE
DIRECTOR, N. A. C. M.



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CHAIRMAN, ENTERTAINMENT
COMMITTEE



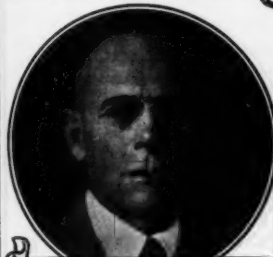
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MRS. E. H. HELLER
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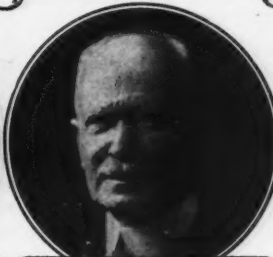
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AND DECORATIONS

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CHAIRMAN, HOTEL COMMITTEE



J. S. AKERS
CHAIRMAN, FINANCE
COMMITTEE

JUNE 6-10.

1927.

Credit Fraternity Leaders

And the Conventions at Which They Were Elected

WHEN the clans gather at the annual Convention of the National Association of Credit Men, there are found ambitious young delegates who are attending their first Convention, and at the other end of the scale of experience, the old timers who have not missed a Convention in years.

Especially among the latter class of delegates there are questions often arising, such as where the Convention was held in the year the United

States declared war on Germany, or who was President of the Association the year of a business panic.

Such questions are answered in the compilation printed below of the lists of Presidents from William H. Preston of Sioux City, who was elected in 1896 at Toledo, to William H. Pouch of New York, who was elected at the New York Convention in 1926.

The list shows that a young man from Baltimore by the name of Tregoe was elected President of the Na-

tional Association of Credit Men just twenty-five years ago in Louisville where the Convention of this year, called the Silver Anniversary Convention, is also held. Mr. Tregoe was re-elected the following year at St. Louis and it was not until 1912, eight years after he had finished his second term as President, that he became Secretary-Treasurer of the Association with headquarters at New York City.

Presidents and Secretaries of the N. A. C. M., 1896-1927

CONVENTION	PRESIDENT	TERM
1896—Toledo	Wm. H. Preston, Sioux City	1896-1897
1897—Kansas City	*Jas. G. Cannon, New York	1897-1898
1898—Detroit	*Jas. G. Cannon, New York	1898-1899
1899—Buffalo	*John Field, Philadelphia	1899-1900
1900—Milwaukee	*John Field, Philadelphia	1900-1901
1901—Cleveland	Elbert A. Young, St. Paul	1901-1902
1902—Louisville	J. Harry Tregoe, Baltimore	1902-1903
1903—St. Louis	J. Harry Tregoe, Baltimore	1903-1904
1904—New York	F. W. Standart, Denver	1904-1905
1905—Memphis	*O. G. Fessenden, New York	1905-1906
1906—Baltimore	*O. G. Fessenden, New York	1906-1907
1907—Chicago	*F. M. Gettys, Louisville	1907-1908
1908—Denver	*F. M. Gettys, Louisville	1908-1909
1909—Philadelphia	F. H. McAdow, Chicago	1909-1910
1910—New Orleans	F. H. McAdow, Chicago	1910-1911
1911—Minneapolis	*Harry New, Cleveland	1911-1912
1912—Boston	*F. R. Salisbury, Minneapolis	1912-1913
1913—Cincinnati	*F. R. Salisbury, Minneapolis	1913-1914
1914—Rochester	Chas. E. Meek, New York	1914-1915
1915—Salt Lake City	H. G. Moore, Kansas City	1915-1916
1916—Pittsburgh	*Chas. D. Joyce, Philadelphia	1916-1917
1917—Kansas City	S. J. Whitlock, Chicago	1917-1918
1918—Chicago	F. B. McComas, Los Angeles	1918-1919
1919—Detroit	C. R. Burnett, Newark	1919-1920
1920—Atlantic City	W. F. H. Koelsch, New York	1920-1921
1921—San Francisco	*W. B. Cross, Duluth	1921-1922
1922—Indianapolis	Jno. E. Norvell, Huntington	1922-1923
1923—Atlanta	Edw. P. Tuttle, Boston	1923-1924
1924—Buffalo	Eugene S. Elkus, San Francisco	1924-1925
1925—Washington	Richard T. Baden, Baltimore	1925-1926
1926—New York	Wm. H. Pouch, New York	1926-1927

N. A. C. M. SECRETARIES

1896-1900 *Fred'k R. Boocock
1904-1911 Chas. E. Meek

1900-1904 Wm. A. Prendergast
1912-1927 J. H. Tregoe

* Deceased

"Make Money—Or Quit!"

Credit Manager Can Say This to Merchant Debtor

By J. E. Bullard

IT is obvious that the safety with which credit can be extended to a business man, provided he is an honest man, is determined not so much by the capital he now has or what is behind him as by the amount of money he is making or losing. Any business concern that is consistently making money is naturally a good credit risk. If it is really making money the assets are always bound to be more than the liabilities. No matter how much money a man may start with, however, if he is losing money he is not a good credit risk for if he remains in business long enough and if enough credit is extended him the time is bound to come when the liabilities exceed the assets.

There are a deplorable number of business men who do not know whether they are making money or losing it. Most of these men think they are making a profit. Yet the records they keep do not enable them to tell to a cent just how much they have made or lost each month. As a rule these men sooner or later awake to the fact that right along they have been doing business at an actual loss.

Such men are not good credit risks yet a goodly number of them can be made prosperous business men and men to whom it is perfectly safe to extend credit liberally. It is probable that the credit manager can do more to maintain the general prosperity of this country than any other man possibly can. He is in a position to insist that a man make money in his business or get out of it. If a business man is not making money it is far better that he give up business and work for someone else.

Accounting a Credit Basis

Studying a debtor merchant's accounting methods is as sure a way of determining just how much credit should be extended him as is studying his assets. There is a certain electrical contractor who for a number of years was securing credit on the basis of his assets. These assets

Is His Accounting System O. K.?

THE many members of the National Association of Credit Men, who practice Business Service, find various ways to build up the customer's strength.

A basic principle among them is to insist that the customer has an accounting system that shows the facts about the business. The importance of this principle is brought out in the article herewith.

The book-keeping primer, "A Business Enterprise", prepared by the N. A. C. M., has been put in the hands of tens of thousands of debtor merchants.

continued to become smaller and smaller and eventually he was not able to pay his bills promptly. Conditions had reached a rather desperate point when the credit manager of his largest creditor had a talk with him.

"I will give you the choice," the credit manager told him, "of being thrown into bankruptcy or doing a profitable business. I believe you have the ability to build up a prosperous business, but you are losing money now. Either an accounting system, put in by a man I select, is used to keep track of your business, a good bookkeeper is employed by you, and you give me a profit and loss statement every month—or I will join with others of your creditors and liquidate your business."

The accounting system went in. The first monthly statement, which was checked up by an expert accountant to make certain no errors had been made, showed a material loss. The second monthly statement showed the business had about held its own for that month. The next month showed a profit, and every month during the several years since the profits have been growing greater.

Had this man not been forced to

keep records that showed him exactly where his business stood and just where the leaks were, he would not be in business to-day. He not only would not be in business, but his creditors would have had to accept as settlement not more than fifty cents on the dollar. As it has turned out he was able to pay every cent he owed, has since taken all discounts and has built up a large and prosperous business. He owes his success almost entirely to that credit manager who thought it better business to make him prosperous than to throw him into bankruptcy.

Assuming that a merchant debtor is honest, the money he has invested in his stock, the total he has invested in his business, the frequency with which all this capital is turned and the profit or the loss he makes each month determines whether or not it is safe to extend him credit. There is good reason to believe that if every credit manager insisted upon examining the accounting system used by the person to whom he extends credit, if he learned just how effective the system proved and would not extend credit until he was satisfied that the system was showing the business man exactly where he stood, whether he was making money or not and why he was making a profit or suffering a loss, credit losses would be reduced almost entirely to those directly due to dishonesty.

Credit an Investment

When a man asks for credit, he is really asking the creditor to invest money in his business. Credit enables him to do business with less of his own capital invested. Indeed there are men doing business in such a manner that, with thirty days' credit on everything they buy, they do not have to invest a penny of their own money in stock. Twelve or more complete turnovers of the entire stock every year is all that is necessary in such cases to make the creditor supply the capital invested in the stock.

This being the case no debtor merchant should resent having the credit

(Continued on page 40)

Credit Survey for N.A.C.M.

In Mississippi Valley Flood Area by E. N. Dietler

By H. S. Fayne



E. N. DIETLER

ly recovering from the effects of the flood.

Mr. Dietler who by May 7 had traveled 250 miles by automobile, making a study of conditions, has seen a great deal of the havoc wrought by the rushing waters. He says that excessive rain fall in the flooded localities is unable to run off the land because of the height of the Mississippi, and is responsible for a great deal of the damage.

"Although direct damage to stocks

THE TELEGRAPHIC advices received from E. N. Dietler, secretary of the Memphis Association of Credit Men, who is making a special survey in the flooded districts along the Mississippi, say that Southeast Missouri is rapidly

of merchandise in this section is not nearly as great as newspaper reports indicate," he says, "the direct damage to merchants is incalculable in view of the fact that their customers, most of whom have suffered, are not in a position to buy.

"A solution of the problem is offered by the Red Cross, who are said to be planning to buy from the merchants in the flooded districts in order to aid the sufferers. If this plan is carried out, it will in a measure mitigate the effects on the merchants, most of whom were able to save their stocks, or a major part of them.

"In flooded sections in Northeast Arkansas and others directly west of Memphis it will be possible to make a survey in a few days. The necessary information can be obtained only after the waters recede and the people get their bearings. Accurate estimates of the damage to stocks cannot be made while the water is still in these towns.

"An unusually large amount of rain has fallen. The weather bureau

reports a fall of 14 inches in excess of the ten year average, since January 1.

Fear of More Rain

"The farmers in Southeast Missouri believe they can make fair crops, basing their hopes on a cessation of the rain. If the rains continue and they are kept out of the fields, the estimates will have to be lowered. The same conditions exist all the way down the Mississippi Valley.

"In Missouri 445,000 acres of tillable land are flooded in eight counties. Of this land 330,000 acres are expected to be ready for planting in three weeks, and much of it is expected clear in ten days, if the weather improves.

"Merchants in the flooded localities suffered slightly, as a rule. They were able to save most of their goods, even though many stores were flooded."

According to Mr. Dietler's dis-

(Continued on page 22)





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Customers of these retail stores of Memphis, Tenn., had to do their shopping in canoes, as the flood rose, and inundated the streets

Credits in the Flood Area

Resourceful Debtors Getting Fine Co-Operation

By H. G. Sullivan

COMMERCIAL credit managers of wholesale distributing concerns dealing in all commodities classed as necessities will maintain a policy of helpfulness in the matter of longer credit terms in dealing with merchants of good record in the areas flooded by the Mississippi river and its tributaries. This fact was brought out in an interview with George Grundmann, president of the New Orleans Association of Credit Men, and credit manager of Albert Mackie Co., Ltd., Charles Cobb, also of the association, and the credit managers of various concerns which sell goods in the Delta as a part of their recognized trading territory.

"There are hundreds of substantial merchants and business men in the affected districts," Mr. Grundmann said to the CREDIT MONTHLY representative, "and the only reasonable thing for credit grantors dealing with these merchants to do is to co-operate to the best of their ability and resources and give these people an opportunity to get back on their feet. They are, as a rule, honest, hardworking people whose ancestors have lived in these areas for

generations and who are not quitters. Given a reasonable amount of assistance and support they will be able to do business as usual."

Crevasse emergency situations are not new to the wholesalers of New Orleans. These men have had to deal with the problems of credits in flood years off and on for many high water seasons, and, the officials interviewed point out, they have learned that a reaction period follows the time of patient waiting while the debtor merchants cope with the setbacks in their immediate localities.

That the recurrent floods in the Mississippi Delta constitute a menace which should be brought to an end, with the support of the thirty States which drain into the great river, and with the help of the Federal Government, is a conviction growing very strong in this section. The creditors of merchants in the territory annually endangered feel that, alone, they cannot undertake the underwriting of too big a share of the loss, with the flood swells constantly mounting as forests are cut and drainage in the North is facilitated. They realize that in the present instance it is virtually impossible

to forecast what the result of the flood will be and to what extent business will be affected eventually.

Several Crop Seasons

Interstate and intrastate commerce will be hampered, credit managers agree, to this extent: New Orleans jobbers and manufacturers will face the stoppage of any profitable business during the actual flood conditions in the inundated sections, in addition to delay in the collection of bills for previous shipments. Mitigating this, there are the considerations that crop seasons in the Delta are frequent, that alluvial deposits from the flood water may be considered, in the long run, an advantage in point of soil enrichment, and that stocks in the inundated areas are not a total loss, since there is always some salvage to be taken into consideration.

The loss of even one crop season is not a matter to be minimized, the credit managers point out, and it is not to be understood that the enriching of the soil from alluvial deposits will repay losses of time, inconvenience and property destruction generally. It is, however, a partial



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The flood waters of the Mississippi pouring through one of the gaps dynamited in the Poydras Levee.

consideration from the credit manager's standpoint.

In the present instance the flooded districts are mostly in the cotton producing sections of North Louisiana, the Delta, and Arkansas. Cotton can be planted as late as June 15. This means that, with luck, the cotton crop can still be made. The crevasses at Junior and Poydras (the latter is the artificial spillway dynamited by proclamation of the Governor), will affect orange growing and trucking, as well as fur production. Already arrangements have been made to establish artificial islands built of straw-covered rafts where small fur-bearing animals can take refuge. The trucking season will renew itself in two or three months, since Louisiana has four trucking seasons a year.

These are the mitigating circumstances which the New Orleans credit managers take into consideration, coupled with the fact that a good customer, of years' standing, deserves and can expect the friendly co-operation of his wholesalers in time of need. From the standpoint of the credit manager and his house it is simply a matter of waiting patiently for about three months, passing on whatever word of encouragement and support the merchants in the stricken villages need to keep up their spirits during the discouraging adjustment time.

Resourceful Bakers

William Waterman, of J. S. Waterman & Co., dealers in flour and

bakery equipment, commended the spirit of bakers in flooded and menaced villages who have managed, by raising their stocks and equipment on high platforms, to continue making bread in the stress of high water. The Waterman company's credit department has held to the policy of filling orders for the flood area even though weakened levees may burst before the goods can be unloaded at their destination. Flour and its products are absolute necessities and the bakers have proved they can show ingenuity and resourcefulness in keeping stocks high and dry. So far, because of this, the lack of bread in the flooded towns has been less noticeable than that of some commodities, and the loss of shipments has been negligible.

Mr. Waterman cited the instance of Mereaux & Leon, bakers operating in St. Bernard, La., in one of the two parishes inundated by the artificial crevasse. Before the waters spread, and while the roads were still dry, the bakers and their crew stocked flour and other supplies in vast amounts, and when the 2,400 foot break had been dynamited and the water began to threaten, the owners and their employees isolated themselves, building a protection levee around their plant, and continued, in the path of the flood, to bake bread for the families remaining in their retail trading territory. At the time of this writing, water was daily expected to test the

strength of the protection levee, but flour wholesalers, admiring the spirit shown, will see that flour continues to reach the baking plant by boat.

It is this attitude, denoting the entire absence of panic in great stress, and this proof of character that sometimes means more than a big financial rating, which has crystallized the determination of credit managers to give the debtor merchants their support. This is an independent decision, made by individual credit managers.

As B. R. Holmes, credit manager for I. L. Lyons, Ltd., wholesale distributors of drugs, said, "It is by failing to press for back bills, while continuing to fill orders for current shipments, that we can give the best help to the merchants in the flooded and menaced towns. We can do this, in perfect faith that the back accounts will be caught up when the emergency has passed. There are debtor merchants of many years' standing, in some cases on our books for 30 or 40 years. Certain stocks they must buy are essential, now, for first aid work and for the control of diseases that may arrive as a result of flood conditions. Their stocks must be refilled as fast as they may require shipments. It is our policy to consider their emergency ours."

The attitude of the credit managers is further justified by the fact that New Orleans itself is so firmly established behind a bulwark of fine levees that little or no reaction in the way of interruption of local business, or of the city's financial progress during the high water has to be considered. Mr. Grundmann, speaking in his capacity of credit manager of Albert Mackie Co., Ltd., grocery exporters, importers and jobbers, as well as president of the local credit men's association, said:

"If the United States Government does its full duty as we see it and rehabilitates promptly the stricken area, and makes such provision for flood control in the future as will insure us against a repetition of the present disaster, the recovery of this section will be quick and orderly.

"If the merchants of this flooded area have to depend on the banks, jobbers, and manufacturers alone for rehabilitation the process of recovery will naturally be slow, for it will require an enormous amount of cash and credit to restore our people to their pre-flood status."

The Mississippi Lesson

Credits May Be Protected by Flood Insurance

By R. S. Rolfe

NOT yet, as these words are written, has the country recovered from its shock at the appalling spectacle of the Mississippi—the great Father of Waters—on the rampage. Never before in this generation has the river risen so high, sped on with such terrifying force, inundated so many millions of acres, washed out so many towns and villages and made homeless so many hundreds of thousands of Americans. It has roused the country as few disasters in her recent history have had the power to do.

Apart from the immediate devastation the chaos that will certainly follow the flood's recession is likewise alarming. Business life will be slow to resume its even pace again in the washed-out regions. There may be conflagration to come, for the fire fighting facilities have been crippled. There may be epidemics, for water supplies in most cases have been badly disrupted.

Furthermore, rebuilding will be a long-drawn-out process — perhaps painfully so. No one thing speeds rebuilding after any kind of catastrophe more than insurance, as witness the Baltimore fire, the San Francisco fire and other catastrophes. Fire insurance there must have been in fair amount throughout the States bordering the Mississippi; but of flood insurance it is a certainty that there was very, very little.

And right here is where Credit steps into the picture. It hardly needs to be stated that there can be little rebuilding without credit, and of course little credit is extended where no insurance, or but little, covers the loss. Likewise, it will be difficult for merchants to replace the millions of dollars' worth of destroyed merchandise, and for the same reason—lack of credit through lack of insurance protection.

This is the situation at the present moment, and it holds a lesson for every home-owner and every business man living anywhere within the sweep of a possible flood, which means in an enormous proportion of American cities and towns. Business

men, particularly, must ask themselves if they can afford to be without protection against floods—a disaster which strikes suddenly, almost without warning, and which is perhaps the hardest to combat of all the elemental enemies of mankind. Failure to ask themselves this question, failure to "take stock" of the flood possibility of their territories, can mean only that they are derelict in their duty to themselves and to their business associates. True always, this has become doubly true since the Mississippi catastrophe usurped the front page.

Up to a certain point floods can be stemmed, but beyond that point, as anybody who has experienced one knows, men are as helpless in the face of a surging flood as is the smallest twig tossing on its crest. One thing they can do, and that is to mitigate by insurance their unavoidable losses.

Credit managers are generally well informed as to fire insurance, but among them and especially among debtor merchants there are some misconceptions concerning just what flood insurance does and does

not protect against. . . Flood insurance does *not* cover loss by water due to leaky roofs; it does *not* cover loss by water from plumbing, water pipes or automatic sprinkler pipes within buildings; and it does *not* cover loss by rain or water entering through open doors or windows.

Flood Insurance

Flood insurance *does* cover overflowing of streams; tidal waves; cloud bursts, with resultant choking of sewers which may cause flooding of buildings and damage to merchandise; and, lastly, loss or damage caused by "ice jams" or "ice packs" at or near river banks or tidal waters.

Nearly every policy of flood insurance, moreover, bears a few other exceptions which naturally are reflected in a lower cost to the policyholder. Among these clauses is one which provides that there shall be no liability for loss or damage which does not exceed \$100. Underlying this exception is the fact that, were it not made, the excessive number of trifling claims sure to arise for settlement would so increase the overhead cost of writing the policy that



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East End, a suburb of Little Rock, Ark., engulfed by the flood waters of the Arkansas River.

the rate for all flood insurance would be unfavorable, and perhaps even prohibitive.

Another exclusion in the usual flood insurance policy is made in the case of a building which falls except as the result of the flood or influx of water. This clause parallels one found in the standard fire policy which excludes liability for fire damage to any building or any part of a building which has been previously levelled or thrown out of place by earthquake or other cause. With these, and a few other minor qualifications, the ordinary flood insurance policy is a straightforward protective instrument, the cost of which is low enough to make it interesting to business men and home-owners everywhere, and especially to business men whose storerooms are located in cellars or basements.

Case of Ashville

Lest anybody be skeptical of his need for Flood Insurance let him ponder the case—among scores of others—of Asheville, North Carolina. Not so many years ago anybody who tried to sell flood insurance in Asheville would have been laughed at quite as heartily as if he had attempted to sell a policy protecting against eye-strain due to gazing at a total eclipse. The thought of flood simply did not seriously enter the minds of Ashevilleans. Although Asheville is 2,000 feet above sea level, the day came when water stood eight feet deep in the railway station in Asheville.

San Antonio, Texas, some years ago was expecting a flood about as actively as were the occupants of Pike's Peak. Yet San Antonio had



Subscriptions for
the relief of the
Flooded Area
may be sent to
Treasurer
American Red Cross
National Headquarters
Washington, D. C.

its flood, as have hundreds of other American cities. Sometimes the flood comes—usually that is all anybody knows or can predict.

The Lay of the Land

According to S. K. Pearson, an observer of the United States Weather Bureau, "a rainfall of one inch over a square mile means the collection of 722,000 tons of water, and a fall of 5 inches over a section only ten miles square would represent more than 36,000,000 tons." From these figures it will be noted that no remarkable precipitation of rain over a mountainous region is required to discharge a tremendous amount of water through a river basin or canyon and to produce all the serious effects associated with a cloud burst. Twenty years ago a destructive flood, resulting from a cloud burst, brought death to nearly 200 people in a small Oregon town. Subsequent investigation of the area covered by this storm, and the amount of water discharged through the valley, was made

by the United States Geological Survey. The revelation was startling. All the trouble had been caused by a fall of but 1½ inches of rain! The lay of the land did the rest.

Changing Conditions

Floods do come, and when and where they will come scarcely the oldest veteran among observers can predict with any certainty. Conditions in the United States are not constant, they are ever changing—streams are altering their courses by their own force, or are being altered by man; forest lands that have long served to retain moisture are being denuded through fire and lumbering; the amount of rainfall in any given territory, though it may average low over a long period of years, has nothing certain about it. Obviously, no weather-man can guarantee the amount of rain. And though man is learning more and more about the control of floods through the erection of dikes and levees, a more certain means of protecting himself from this kind of loss is through insurance.

Credit managers, if they are to take into consideration every possible factor resulting in financial strain, must understand the situation as regards floods. They must accept the likelihood of floods at almost any place during the spring of the year. They have only to consult the records of the Meteorological Bureau to convince themselves. Their morning papers, at the present time, are unfolding from day to day the pathetic story of the Mississippi Valley and its unhappy residents—and furnishing them with the lesson of the flood.

Credit Survey for N. A. C. M.

(Continued from page 18)

patches, the towns affected by the flood, and the counties in which they are located, follow:

Cape Girardeau County
Cape Girardeau City

Scott County

None

Mississippi County

Bird's Point
Belmont
Medley
Dorena
East Prairie
Henson

New Madrid County

New Madrid City
Lilbourn

Butler County

Poplar Bluff

Dunklin County

Hornersville
Arbyrd
Bucoda
Senath
Dillman

Pemiscott County

Pascola
Dearing
Wardell

Stoddard County

None

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NO ONE! But investigate and you may find that someone has been losing money for you, month after month and year after year. Perhaps that someone, unintentionally, is yourself.

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If so, you are losing money every day, either because someone in your organization is not familiar with recent developments in accounting, or because you as a higher executive

have not found time to give this vital problem your personal consideration.

For one of two things must be true if you are not using modern mechanical figuring equipment. Either you are not getting the vital figure-facts you ought to have at the time you ought to get them; or you are paying too much for the figure-facts you get.

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* * * *

If you attend the National Association of Credit Men's convention, at Louisville, Ky., June 6 to 10, don't fail to visit the Burroughs Booth. There you will see demonstrated machines, applications and accounting plans which will appeal to you at once for their practical value in handling your own figure-problems.



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Personal Collection Methods

Give Visiting Credit Manager Chance for Service

By M. L. Houser

ABOUT six years ago, (at a time when I had nothing to do except look after and pay taxes on some farms) the then credit manager of a large steel company, which manufactures wire and fabricates it into fencing, asked me to make a collection trip for him, and, incidentally, to send back some credit reports. I was kept on this job for parts of the next five years, my cases ranging from those involving but a few dollars, possibly in dispute at a cross-roads village, to those involving several thousands, and located anywhere from Washington to Denver, and from Minneapolis to New Orleans.

The traveling collector, or the visiting credit man, is usually given a matter only after it has been more or less thoroughly threshed over by the salesman, and through correspondence from the office. The dealer thus usually has his excuses and defenses pretty well formulated. Though he understands that he has no legal defense, he is anxious to maintain his position, and often hopes that something in the attitude of the caller will enable him to justify his failure to pay in accordance with his contract.

I used a phrase in my approach which always seemed to meet every requirement. After presenting my card, which designated me as a "Special Representative, Credit Department," I said: "My people wanted me to drop in and see if I couldn't pick up a balance that is past due." at the same time handing the dealer a statement of his account. That told my business in plain terms, but gave those so disposed no excuse for starting a smoke-screen, and was reassuring to the timid or embarrassed.

After this introduction, I usually allowed the dealer to do most of the talking, until he expressed a willingness to pay, thoroughly developed his line of defence, or disclosed his disposition and intentions. Although always courteous and friendly, the attitude of the caller should be: "This is all in the day's work with me; you

Opportunities for Service

THE many opportunities of the visiting credit manager not only to collect troublesome and long-outstanding accounts, but also to obtain valuable credit information, and to help the debtor with his business problems, are described in this article.

A second article, telling the details of several interesting credit cases and their adjustment, will be published in an early issue of this magazine.

are the one most concerned." *The dealer's anxiety for a satisfactory settlement is likely to be in inverse ratio to the apparent concern of the caller.*

Never Seem in a Hurry

It is important never to seem in a hurry. Often, the debtor's first hope is that you are so anxious to get away, that, by holding out, he will be able to dictate the terms. When a dealer said to me, "When do you want to get away?" my usual reply was, "I have all the time there is; when I go to a town, I never know whether I will be there two hours or two weeks; your convenience is mine." The last thing a debtor wants is for some stranger to be hanging around his town, making inquiries about his financial condition. If he suspects that a failure on his part to act may produce such results, he usually gets busy at once.

If the matter in hand was in regard to credit, I always asked for a statement, even if I had a recent one in my brief-case. The care with which a dealer answers the questions on a standard credit blank, his manner while doing it, and the traits of character he unconsciously shows while so engaged, or while discussing matters arising therefrom, usually enable one to form a pretty accurate opinion as to his honesty, his ability, his financial condition, and his trust-

worthiness. If he hands out a complete statement already prepared, the same results may often be obtained by inducing him to go over it with you.

Poor Accounting Methods

Sometimes, a country-town firm is unable to make a satisfactory statement, because its books do not contain the necessary information. One firm, which had a credit of \$15,000 with the company I represented, and whose volume of business during the year was perhaps three times as much, became slow in making payments. A rumor that it was in trouble went the rounds, and caused its creditors to seriously question its solvency. Even the salesman suggested that prudence might dictate the curtailing or withdrawing of credit from this firm. An attempt to furnish a statement disclosed that there was not on hand enough information regarding the business to make one. By using the whole force, and an adding machine, for two days, we secured a rough but fairly accurate tabulation of their accounts, took an inventory, and by using their tax receipts, checked the taxable values of their real estate against the estimated values. The final results showed that this business was in a good, healthy, prosperous condition except that the new manager, the owner's son, had allowed the collections to lapse. He agreed to install an adequate bookkeeping system, and to give the necessary attention to keeping up collections. If left to its own resources, the firm would probably have become seriously involved before recognizing the cause of the trouble.

I can think of nothing more profitable for a manufacturer or jobber than helping to keep in business those customers who are furnishing him his volume of business and profits. A waste of customers is as unjustifiable as any other. Many manufacturers and jobbers, who take great pride in having reduced their labor

(Continued on page 26)

Glens Falls

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Personal Collection Methods

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turn-over, give no thought to the reduction of their customer turn-over. The policies of many firms are dictated largely by their sales departments; and the ability and practice of most sales departments are limited to selling customers while they are "good," and finding new ones when the old ones go "bad"—the old "hire and fire" labor system.

Adjustment of Grievances

When the dealer has refused to pay because of some grievance, real or fancied, the collector has an opportunity to display his diplomacy.

If the grievance is real, an adjustment should be made, willingly and cheerfully. Once, the manager of a farmers' elevator in Indiana claimed that he really owed the firm only between \$300 and \$400 instead of the \$1750 shown on our books. He made so many claims, and finally got the matter so involved—proving his sincerity and earnestness in the meantime by throwing one man out into the street—that those having the case in charge threw up their hands and said: "Get any kind of settlement possible." I approached him with a show of confidence I did not feel, and let him rave on until he was through. After admitting that some of our office force were pretty weak sisters, and that he and I were brainy individuals, who, together could probably solve most any problem presented, through sheer force of intellect, I at length persuaded him to go over the matter with me in detail. I first found where he had made an error of a mere \$1000.00 when adding up a column of figures in his ledger. He finally convinced himself that his just claims amounted to less than \$200, and he gave checks and notes for the remainder with every indication of being satisfied.

In any case, the more the adjuster can make his attitude that of a patient, tactful physician, called in to treat a stubborn, sick child, the better the results he will get.

Reasons for Slow Pay

By and large, a merchant fails to pay an account for one of three reasons:

(1) *The dealer who is trying to*

make his creditors finance him. Some trade papers occasionally suggest to the retail merchant that manufacturers and jobbers, in return for his handling and pushing their wares, should be glad to give him such time as he may require in which to sell their goods, before paying for them. This attitude is often encouraged by local bankers, and even the salesman frequently waxes eloquent about the wealth and generosity of his firm.

A friendly explanation to the more reasonable that, while the sales department is only concerned about securing tonnage, the management expects those in the credit department to either make collections with reasonable promptness, or resign; that the financial problems of a factory or jobbing house differ only in degree and not in kind, from those of the retailer; and that a past-due account is only considered a valuable asset if in process of being paid, or if converted into interest bearing notes, which must be paid or protested when due, usually secures a satisfactory settlement.

(2) *The dealer who is trying out his creditors to see which are easy.* Of course, no dealer will admit that he is trying to impose on your good nature, while paying those who refuse to await his convenience.

The best way I found to handle such cases was, during the conversation about his business, to ask, casually: "What do your daily receipts average, Mr. Blank?" If he said, say, \$100, I would say: "Well, let's see, during the 60 days our account has been past due, you have taken in \$6000—and paid it all out to other people. Isn't that 'rubbing it in' on us a bit? Now that you have made us wait while you paid so many others, we believe you should make the rest wait while you pay us. If you give us only one-half of your receipts, you can pay us in so many days; suppose we fix it up that way."

(3) *The dealer who is in real financial trouble, perhaps in danger of failing.* If he is frank and honest about his affairs, about the only thing to do, naturally, is to go over the situation with him very carefully, and try to find solutions for his particular problems. If he is afraid to be frank, you must guess what is the best he can do, and then insist on his doing it. In any case, the most futile thing you can do is to grant a flat

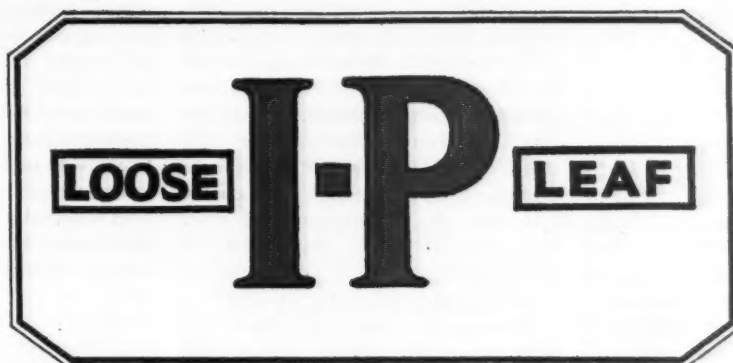
extension, or leave the matter open, because he swears to do the very best he can; for he will then simply dismiss the matter from his mind while taking care of those who push him. Often, if such a debtor can make you admit that nothing is to be gained by crowding him into bankruptcy, he feels that you are at the end of your string, and that he has won the battle. When a debtor took that tack, I usually said: "Well, if you are disposed to do what we think right, we will help you all we can; but if you won't, we would rather see you 'blow' now and have it over with." That usually made him willing to make partial payments, and, in most cases of this kind, they are the only hope. One firm during its long-drawn-out death-struggle paid us \$1,600 in \$200 monthly payments. Another, whose liabilities really exceeded his assets, cleaned up \$900 by paying \$25 a week—most weeks. In desperate cases, we seemed to get the best results by insisting on a demand note for the total amount due, with post-dated checks to cover, with the understanding that the note would be held as long as the checks were paid promptly when presented.

Almost anyone, by being hard-boiled and making threats, covert or direct can secure some kind of a settlement of a past-due account; but what the firm wants in most cases is: first, a satisfactory settlement of the amount owing; second, the retention of the dealer as a customer; and, third, his conviction that he not only wants to retain the line, but that he must pay in the future with at least reasonable promptness.

To me, the least satisfactory outcome of all was for the dealer to make settlement, courteously and promptly, perhaps pay in full, but show by his manner that he resented feeling compelled to do something he had not wished to do; and then to have to go away with a suspicion that he would take his resentment out on the salesman when he called, or on the firm when buying again. If I feared that a merchant felt a bit uncomfortable over my call, I made every effort to gain his good will for myself, the salesman, and the firm, before leaving.

The credit manager, or collector, who calls on a dealer, has a splendid chance to boost the salesman on that

(Continued on page 28)



This Trade-Mark Reduces the Worries of Credit Men

YOUR customer's financial statement is no more accurate than the records behind it.

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Personal Collection Methods

(Continued from page 26)

territory, the firm, and its merchandise. Every dealer expects, as a matter of course, that those of the sales department will be prejudiced in favor of their own line, and brimming over with arguments, and that they will be friendly, ingratiating, and anxious to please; so he places a correspondingly small value upon both their arguments and their apparent good-will; but the opinions casually dropped by a credit man, who is sup-

posed only to be concerned about getting the money, are remembered with much respect. An offhand remark by a credit man or collector about the popularity of a salesman, both in the office and over his territory; an incidental dissertation about the policies and character of the firm; or a chatty talk about the advantages which their line gives the sales department, is more convincing to a dealer than a month's argument by the salesman.

Some of us remember, that at the little red school-house, during our boyhood days, we felt almost in duty bound to "run over" all teachers who

would permit it, but reserved our admiration and confidence for those who would not. Many such "children of a larger growth" have gone into retail mercantile lines, and you have to depend upon them for your profits. Professors of Ethics are employed by colleges, and are not engaged in trade. You must take the dealers as you find them, and try to make profitable customers out of them.

100 Cents on the Dollar

FOR perhaps the first time in the history of the bankruptcy courts, two stockholders of a bankrupt corporation under no legal or moral responsibility, are refunding 100 cents on the dollar to contract holders and creditors in an amount exceeding half a million dollars. These two stockholders are Mrs. E. T. Stotesbury of Philadelphia and Mrs. Hugh Dillman of Detroit, who were among the social leaders who launched the Floranada Club, at the height of the Florida real estate boom. The resort that was to outdo Palm Beach was not successful as a development, and the corporation had to go into bankruptcy, with the total amount owing to stockholders over \$500,000. In spite of the fact that no person connected with the corporation was legally obliged to make good the investments of any of its purchasers, Mrs. Stotesbury and Mrs. Dillman, rather than have any loss fall upon those who, influenced by their backing, invested in the Floranada Club, have paid back to every property holder 98 per cent. of their investment. The cost to Mrs. Stotesbury and Mrs. Dillman has been so far over \$500,000. Mrs. Stotesbury is now turning her attention to the common creditors, who, it is said will receive the same treatment as the contract holders.

The Cost of Collection

The cost of collecting small debts is brought out in the case of Park & Tilford, grocers. This concern was purchased in 1923 by David A. Schulte. It is reported that the accounts receivable of the business totaled \$1,347,782. Frank Tilford agreed to assume responsibility for the collection, not exceeding 25 per cent. of any claim. However, accountants and attorneys had to be hired to collect these thousands of small accounts, and at Mr. Tilford's death, in 1925, it was found that the costs of collection equalled the amounts collected.

[Ad No. 7 in a series on Business Mortality]

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Don't say, "This doesn't affect our house—I'm watching our customers—I'm not subject to attack." It does concern you. Because these statistics cover literally every phase of American Business.

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Right now, some of *your* firm's customers may be on the verge of failure, without your knowing a thing about it. You can't possibly foresee these bad debt losses, but you can safeguard against them—absolutely, economically—with American Credit Insurance. Investigate!

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LR 439

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Sound Doctrine

By W. C. Baker,

Orange County By-Products Co.,
Santa Ana, Cal.

THE law of ethics is just as important in the transaction of business as any law that has been placed upon the statute books of the country. Violation of sales terms is being practiced continually by even large mercantile houses. No magazine or newspaper articles on the subject seems to penetrate the conscience of the management enough to impress upon some of them the real meaning of credit.

We have resorted to two printed slips. One of them goes out when an account becomes past due. It reads as follows:

Good credit record is a valuable asset to any manufacturers. The custom of making prompt payment of obligations is a good policy and promotes good fellowship between manufacturer and merchant. The prompt payment of one bill facilitates the fulfillment of another obligation and thus the entire credit system is made to function successfully.

The careless, indifferent merchant breaks the chain of continuity, disrupts business ethics, reduces his opportunity to serve, lowers his mercantile dignity and causes a sense of uncertainty and insecurity in the mind of the manufacturer. The spark of true commercial credit has been dimmed and needs to be fanned into flame. Only by keeping the flame alive will the credit system be made to function successfully.

The other printed slip is enclosed when we have to return a check for correction when discount is taken out of order. The text of this slip is as follows:

One of the great elements in manufacturing and merchandising is to abide by agreements be it in buying, selling, paying, discounting or otherwise. The manufacturer who sells his goods on specific terms has a right to expect and demand settlement on the basis of terms specified.

Some mercantile houses persist in trying to "put it over" on the manufacturer in taking their own time for payment of invoices and taking discount regardless of discount period. This is a violation of commercial ethics and creates a lamentable lack of harmony and produces perspiration instead of inspiration.

The fact of making sale terms and permitting them to be continually violated takes away the fundamental law of ethics and destroys the greater usefulness of the credit system. There is as much logic in specifying terms "Pay when you get ready and take your discount" as to specify regular terms and allow them to be violated. The call is to attack these evils in the name of honorable business relations and establish a new day for commercialism along credit lines.

To "Play fair and shoot straight" will produce concrete results and the swollen streams of life's sorrows will be bridged and the baffling bruises of the past will be healed with everlasting friendship.

We have some good results from the use of these enclosures.

My vocabulary is not sufficiently strong to express the condemnation that should be heaped upon large mercantile houses who persist in taking discounts long after the discount period.

Service Plus!—That's Us!

COLLECTIONS

INVESTIGATIONS LIQUIDATIONS
ADJUSTMENTS EXTENSIONS

Let us handle that bothersome
WASHINGTON ACCOUNT

ADJUSTMENT BUREAU OF THE WASHINGTON CREDIT MEN'S ASS'N INC.

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COST SYSTEMS—TAX REPORTS

The Great Interpreter

Another important factor in the betterment of American business is the enlightened attitude of modern business men toward the helpful service of Modern Accountancy.

Day book and ledger—mute in their dry old pages of yesterday—are alive and eloquent today. Figures are made to talk—talk all the time; and Modern Accountancy is the Great Interpreter.

Progressive Business takes no step without this Great Interpreter. In the Budget "he" lives and guides. His sure and constant hand controls the throttle of costs. His outlook on trade and financial conditions is the basis of the most practical kind of vision.

He analyzes—arranges—coordinates. He balances, stabilizes and compels improvement. Management is *his* steward. He is the material brain of executive control.

Modern Business, and the modern commonwealth, owe much to this Great Interpreter. And the pleasantest thought is that *both* are so willing to listen and so eager to accept his interpretation.

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PROVIDENCE	COLUMBUS	PITTSBURGH	ST. PAUL	FORT WORTH
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EVERY credit man knows that the firm whose employes are bonded by a Fidelity Bond is a better credit risk. And business men realize, too, the value, when seeking credit, of having our resources behind them. Inquiry as to cost and the protection afforded involves no obligation.

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Over 7,500 Branches and Agencies
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How Do You Find Collections? We Do Not *Find* — We *Make* Them

By F. E. Lucas

The MacLean Publishing Co., Ltd., Toronto.

WHAT does the average man mean when he asks the ambiguous question, How do you find collections? He may mean, Are you getting your share of the money that is flowing from debtors to creditors in your line, or, Is the general credit condition good among the people with whom you do business; or, Does money seem to be tied up?

Must we not admit, as credit managers, that the status of our Accounts Receivable depends very largely on ourselves and the collection methods and policies we pursue.

Our company publishes twenty-one specialized as well as general publications—including trade, technical, financial, mining, gardening, and printing magazines — and its credit problems have largely to do with the collection of advertising accounts. Of course, when one particular trade is depressed, the difficulties of collections therein naturally increase; but on the whole, the methods and policies of the collection work apply to collections for the entire company.

A. B. C. Settles Disputes

A concern which markets tangible goods is frequently involved, while making difficult collections, in disputes as to the quantity and quality of goods delivered. The publishing world, however, has evolved a beautiful piece of mechanism by which the greater part of such disputes in the publication world are automatically settled. I allude to the Audit Bureau of Circulations, the co-operative organization to which practically all the worthwhile publications of Canada and the United States belong and through which they report to the advertising world regarding the size and distribution of their circulations and their methods of winning and holding subscribers. In addition to the publisher members, which include the CREDIT MONTHLY and magazines published by the MacLean Publishing Co., the Bureau has in its membership most of the great

national advertisers and important advertising agencies of the continent. Its managing director is O. C. Harn, for 21 years advertising manager of the National Lead Company and an outstanding world figure in the field of advertising.

If an advertiser in a magazine which is a member of the A. B. C. raises a question as to the number of subscribers in whose hands his advertisement has been placed, the Credit Manager of the publishing house simply refers to the impartial and authoritative audit of the A. B. C. That part of the argument is disposed of forthwith.

As to the methods of our company in making collections, we send all outstanding accounts a statement on the twentieth of the month following the date of issue of all publications. Copies of these statements are then carried forward to the tenth of the second month following, and all accounts still open at that time are followed up by means of a form letter.

We Use Form Letters

There is, I am aware, a prejudice against all form letters. I believe that this prejudice is the result of the examination of lengthy, apologetic, unattractive, poor-looking, stupidly written or unethical form letters. In my opinion, it is perfectly feasible for the Credit Manager of ability to produce form letters that will have none of these objections. There are certain customers to whom a form letter should never be sent, and the Credit Department should be on the alert to determine who these individuals are, and to handle them in a class by themselves. By the way, in every case we mention the amount due in order to facilitate the making out of a check by the debtor.

After the first form letter has been sent out, it is carried forward in our files to come up again, for attention of the Credit and Collection Department, in ten days, and all files are referred once again to the ledger accounts and a second form letter sent

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forward, for all outstanding balances.

These files are then carried forward again for another ten days and any account still outstanding is followed by another form letter suggesting that a draft will be used if the account is not paid within ten days.

In ten days again the letters come up and drafts are drawn as intimated in our previous letter. If these drafts are returned unaccepted, or unpaid, the fifth form letter is sent forward, asking for immediate payment. If the account is still unpaid after the fifth form letter, a special file is then started by the Manager of the Department.

The Human Touch

The biggest qualification a credit manager can possess is that he should have the human touch; and this should be evident in every letter, whether it is a specially dictated or a form letter. A special opportunity to be human is given when there is a request for an extension of time. Incidentally, little consideration should be given the debtor who does not consider letters requesting settlement worth answering.

Members of the Credit Department should not allow sentiment to affect their judgment, but at the same time, should show willingness to be good listeners. The general impression still lingers that workers in the credit field are "hard-boiled". It is my belief, however, that good health, good nature, tact, and good appearance are every bit as important qualifications for members of a Credit Department as for other business men. These qualifications will enable them to make their work pleasant to themselves and will help them to get thoroughly satisfactory results in collections, even if the word is going around that, "We find collections bad."

Was the Check Good?

Perhaps the victim in the following dialogue, recorded in "Life", was a delinquent merchant debtor.

Bandit—"Come on, now, where's the rest of your money?"

Scared Victim—"I-I-I'll have t-to g-g-give you a check."

SUPREME in the Field of **"GOOD INK"**



BLUE-BLACK IT'S PERMANENT

SANFORD'S
PREMIUM WRITING FLUID

Nationalize Your Credits

Credit Insurance

The extension of Credit Insurance is based upon the presumption that the credit line has been intelligently regulated. This is the natural function of the credit man.

There is no other single aid to the credit department which equals in value a *National Policy of Credit Insurance*. The practical features of this policy tend to cut down its cost very materially and the insured is freed from all risk of abnormal loss. This enables the credit man to concentrate on the regulation of accounts prior to shipment and frees him from worry as to the status of the account while the credit is in operation.

The policy is backed by the guarantee of the World's Largest Surety Company to prevent, else pay, all abnormal credit losses.

Write for Details of Our Credit Insurance Policies

National Surety Company

Wm. B. Joyce, Chairman

E. A. St. John, President

115 Broadway, New York

Agencies in All Principal Cities

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A WISH

That all of you who attend the Louisville Convention will find every minute enjoyable.

That you who cannot attend may profit by the reports returned to you by your delegates.

We of the Meilink Steel Safe Company are sincerely grateful for the privilege of having a representative at this convention.

This representative is a manifestation of our desire to honestly and conscientiously serve "American Business"—to intelligently serve "American Business" in all of its departments.

Call upon this representative freely for information about the protection of the records of your profession.

The Meilink Steel Safe Co.
Toledo, Ohio

Cuban Credit Organization Its First Year a Notable Success

By P. M. Haight

Treasurer, International General Electric Co., N. Y.



P. M. HAIGHT

CREDIT executives and export managers in the United States who check foreign credits and have taken advantage of the valuable service of the Foreign Credit Interchange Bureau of the National

Credit Men can appreciate the work which is being done in Cuba by the Asociacion Nacional de Credito (National Association of Credit Men of Cuba).

Business men in Cuba realize the importance of applying to Cuban business the principles of proper co-operation in credit work. This is especially true of those who are familiar with the methods by which members of the Foreign Credit Interchange Bureau have been working closely together in taking advantage of interchanging ledger experiences and credit information.

This movement for team-work among those in Cuba has been heartily supported by the Bureau and the N. A. C. M. The original committee who started the Cuban organization were brought together through the efforts of members of the Foreign Credit Executive Committee of the N. A. C. M. Already many of the most prominent concerns doing business in Cuba have become members.

Those who attended the N. A. C. M. Convention in New York last year will recall that M. T. McGovern, President of the Cuban Association, addressed the Convention. Since that time the work in Cuba has been progressing in a most satisfactory way. The first annual meeting of the Asociacion Nacional de Credito, held on March 9, 1927, was a mile-stone in the work for better credits in Cuba.

Rapid Growth of Association

The Havana Evening News gave prominence to this meeting, and said in part:

"The reports of the President, Treasurer, and Secretary, were exceedingly gratifying, and listened to with close attention. In his report, President M. T. McGovern indicated that the Association is rapidly growing, having admitted numerous new members during the past few months; that it is rendering a class of service claimed by its associates to be far superior to that obtained from other sources, and admittedly worth many times the charge that is made for it; that it is in a position at present to furnish reports on 18,143 merchants, companies and persons sustaining business relations with its members; that it is to be commended for the work it is doing, for the effect it is having and will have on methods of doing business in Cuba, for the protection that the Association gives to the honest dealer or merchant who requires more credit than his mere financial resources justify, and for the helpfulness of the Association in case of involuntary financial difficulties in which the business men of Cuba may occasionally find themselves; that there is no Association in Cuba that gives more personal, direct and prompt service to individual members; that there is no association which deserves more whole-hearted co-operation of its members, directors and officers; that not yet one year old, with a membership of fifty-three, and with a record of having accomplished a very notable improvement in the dissemination of credit information, the Association stands out as one which bids fair to become of great national, and even international importance; and that membership or directorship in it cannot help but reflect credit on the individual and the firm."

Officers and Directors

During the election of officers and directors, a spirit of good-fellowship prevailed, and the following were selected for the ensuing year: President, M. T. McGovern (re-elected), president of the General Electric Company of Cuba; First Vice-President, Victor G. Mendoza, president of the Victor G. Mendoza Co.; Second Vice-President, R. A. Anderson, vice-president of the American Steel Co. of Cuba; Treasurer, G. E. Mus-telier, vice-president Walter &

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Cendoya Co.; Secretary, Dr. Luis Machado (re-elected), of Nunez, Mesa & Machado.

The above mentioned, together with the following, compose the Board of Directors: Clark Walter, president, Walter & Cendoya Co.; L. E. Browson, president, Purdy & Henderson Co.; C. J. Goltz, manager, Parke, Davis & Co.; A. V. Lemasters, treasurer, Compania Cubana de Cemento Portland; G. C. Kaar, secretary, Petree and Door Engineers, Inc.; H. F. Manning, secretary-treasurer, J. Z. Horter Co.; Jose C. Veve, manager, National Cash Register Co.; E. M. Vigneron, manager, Otis Elevator Co.; P. A. Estebanez, secretary, York Shipley Company of Cuba; Alberto R. Arellano, manager, Compania de Accesorios de Automobiles; T. C. Ulbricht, manager, Honolulu Iron Works Co.; S. C. Sysart, vice-president and treasurer, Sinclair Cuba Oil Co.; W. M. Leonard, manager, Ingersoll-Rand Inc.; H. F. Liggins, manager, Canadian Bank of Commerce; W. J. Flannagan, treasurer, West India Oil Refining Co.; and George W. Magalhaes, manager, Westinghouse Electric International Co. J. Ellis Norris is the Manager of the Association.

At the next meeting a large number of applications for membership will be presented, and the one hundred mark is expected to be reached shortly.

The information available and the general value of the services of the Cuban Association will increase just as, in this country, the value of the Foreign Credit Interchange Bureau increases as its membership grows and as more American exporters make use of this invaluable service in checking foreign credits.

After They Graduate

By S. H. MILLER, JR.

Pittsburgh Plate Glass Co., Baltimore

THE Baltimore Association of Credit Men is sponsor for an excellent course in credits, collections and business barometrics. In order to maintain contact with the graduates of the various classes and others interested in credit management, a meeting was held a few months ago to form a club to carry on this important work. As a result,

the Credo Club of the Baltimore Association of Credit Men was formed. Although there have been only four meetings, a membership of 110 has been attained.

The primary purpose of our meetings is to continue the educational work through the general discussion of problems confronting each of us in our ordinary business and by securing new thoughts and ideas by having speakers of prominence address us.

The last meeting was held in con-

junction with the Cost Accountants Association with about 250 in attendance. "Balance Sheets and Operating Statements" were discussed from credit, accounting and banking viewpoints. The speakers were Richard T. Baden, past President of the N. A. C. M.; George J. Clautice, Executive Secretary of the Baltimore Association of Commerce; Ernest E. Wooden, Certified Public Accountant; and Waldo Newcomer, Chairman of the Board of Directors of the Baltimore Trust Co.



Security

With the growth of business the need for careful credit supervision increases. To secure the proper turn-over of goods, to limit those who are incompetent and to deter the practices of the unscrupulous. That is your job.

And ours—to make secure against loss from natural hazards your investments in business, whether under your control or in the hands of debtors.

Assets as of January 1st, 1927..	\$71,740,996.88
Capital	3,500,000.00
Surplus	25,610,575.98
All other liabilities.....	42,630,420.90

Globe & Rutgers Fire Insurance Company

111 William Street

New York

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Safety First—

Universal acceptance of their new static eliminator made it necessary for the Radiostat Company to consider new shipping methods which would guarantee sure and safe delivery. The mails offered the best facilities, but as the product in transit represented considerable value it was essential that some form of protection be provided.

PARCEL POST INSURANCE issued by the National Liberty proved to be the safest and least expensive method of averting losses to the shippers and their customers. The simplicity of enclosing the coupon in each package in their own shipping room appealed to them—and it will appeal to you. It prevents losses, delays and dissatisfaction.

Ask the nearest National Liberty Agent about it.

National Liberty
Insurance Company
of America.

Home Office: 709 Sixth Ave.
New York



Over \$70,000,000 Losses
Paid Since Organization

How Credit Manager Hires

(Continued from page 10)

negative. Only 4 per cent. used this method.

The personal interview between the employer and the applicant is usually assumed to be a necessity, yet in many cases it is not feasible. But the replies to this question showed 98.4 per cent. who did not hire anyone without a personal interview, as against 1.6 per cent who did.

One executive who did hire without the personal interview, did so only in the case of relatives of present

employees of a high type. Another added, that contrary to the prevalent idea, inexperienced persons were always hired, such as stenographers fresh from school, etc. The result of this policy was that with persons trained entirely in the office in question, personnel turnover was reduced 60 per cent. in six years, with an attendant increase in the general efficiency of the office.

To get a side-light on qualifications of the employer as well as those of the employee, it was asked: "In your opinion, is the woman credit manager at a disadvantage in employing and discharging men?" As shown by the

THE CHEMICAL NATIONAL BANK OF NEW YORK

Founded 1824

B'WAY at CHAMBERS, FACING CITY HALL
FIFTH AVENUE at TWENTY-NINTH STREET
MADISON AVENUE at FORTY-SIXTH STREET
BROADWAY at FORTY-FOURTH STREET

CREDIT MEN:

The Chemical National Bank of New York, for many years an active member of the National Association of Credit Men, congratulates you on the opportunity to attend the 32nd Annual Convention of the Association, to be held June 6-10 in Louisville.

We recognize this annual Convention is an institution of vast importance to the commerce of the Nation. Some thirty thousand leading commercial and banking concerns are bound together in 143 local Associations of Credit Men, which will send their representatives to Louisville to exchange views on credit conditions, to bring themselves up-to-date as to the newest developments in the technique of credit granting, and to renew and form acquaintances of their own fraternity of incalculable advantage to them.

The Chemical National Bank of New York will, as usual, be represented at this important gathering.

**The Chemical National Bank
of New York**

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form of the question, this is a matter of opinion only. The figures given here must be considered only as a trend of thought upon a still somewhat controversial subject. Of the total replies, 85 per cent. thought that the woman credit manager is at a disadvantage in employing and discharging men, 8.9 per cent. thought that she is not, and a little over 5 per cent. admitted that they did not know.

Some of the individual replies tend to be amusing as well as informative—"Do not know—never saw one," "Depends on the woman, but generally I would say yes;" "Our policy is to put women under women and men under men."—"Disadvantage—they seem to be too sympathetic"; "In that case, it is the men who are at a disadvantage."

Sources of Employees

Myriad are the ways in which any employer gets in touch with prospective employees. The CREDIT MONTHLY selected three popular methods (a) through present employees, (b) through employment agencies, (c) through newspaper or trade magazine advertising, as a basis for one question. The replies decidedly indicated that the method used most was through present employees—90 per cent. of the executives replying used this method, and 27 per cent. combined this with employment agencies, while about 9 per cent. combined it with newspaper and trade magazine advertising. But 11 per cent. used all three methods! Next to present employees, employment agencies are the most popular sources for prospective employees—about 65 per cent. of the replies indicated this fact. Newspaper and trade magazine advertising does not seem to be so widely used—only 17 per cent. of the executives questioned take that means of finding good employees.

About 11 per cent. of the answers showed that the application blank filed by the seeker for a job, is actually used—in spite of a strong feeling among many workers that filling out an application blank is a futile gesture. For example, one employer says:—"Our employees in almost every instance are selected from those filing applications for employment with us."

Local business schools are drawn upon by a few. One employer states

that the ranks of the Credit Department are always filled by promotion from other departments.

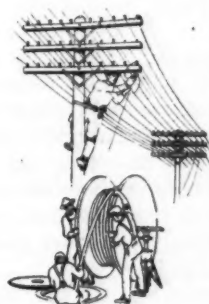
Handwriting and Heads

Many a bewildered job-hunter has wondered what particular and probably infinitesimal detail has caused an employer to choose the other fellow in preference to him, although both perhaps were equal in experience. Perhaps it was the shape of the head—but more than likely the "infinitesimal detail" was handwriting. The CREDIT MONTHLY asked:—"In selecting employees do you judge character by handwriting? By shape of head?"

For although 89 per cent. of the replies showed that the employers questioned did not judge character by the shape of the head, the percentages on the handwriting question were a little closer. Although 60 per cent. did not judge the character of the employee by handwriting, 40 per cent. did take this element into consideration.

Many of the answers on the handwriting question contained modifying statements such as "to some extent," "partly," "not always," "not character but ability for some work," "would not turn down because of handwriting." One employer is guided by handwriting to some extent, but

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ENOUGH wire to encircle the earth more than 2,000 times is one of the important factors making possible the 73,000,000 daily conversations over the Bell Telephone System. More than 33,000,000 miles of it is underground—representing an investment of more than half a billion dollars in conduits and cables. This nation-wide plant and the service given by it is the basis of Bell System Securities.

The stock of A. T. & T., parent Company of the Bell System, can be bought in the open market to yield a good return. Write for booklet, "Some Financial Facts."



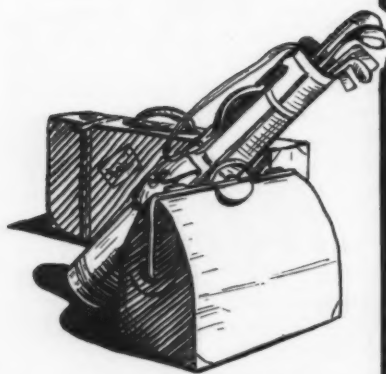
BELL TELEPHONE SECURITIES CO. Inc.

D.F. Houston, President
195 Broadway NEW YORK



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..... Even credit men must have Vacations!

VACATION—that grand and glorious release from the year-long grind of

“slow-pay, frozen-credit, collection-letters, try-and-get-it” struggle!

Don't let your vacation be marred by the loss of personal belongings while they're away from home. Get the nearest WORLD Agent on the job... and let him fix you up with Personal Effects Floater Insurance. Then lock up your troubles in a deep desk drawer... and play without a care!



Ralph B. Ins
President

more particularly by the general appearance, habits, friends, hobbies, fitness for the particular position, of the applicant.

Explanation of Duties

Once the employee is hired, a certain amount of explanation of his duties is always necessary, but the way in which this important problem is solved varies with the individual department. “Have you a systematic method of explaining to new employees the purpose and routine of the department,” was the question. About 60 per cent. of those replying did use a systematic method, 3 per cent. did not, and about 3 per cent. had no method because there were no new employees. In a few cases it was added that personal instruction, or instruction by the outgoing employee, were used.

Hopes of Promotion

The final searching question: “Do you intend, or are you able to offer hopes of promotion to employees” brought out some interesting replies. Fifty-five per cent. expressed the ability and the intention of offering such hopes to their employees, while only 3 per cent. gave a brutal “no.” But even these had their reasons—for example, in one case the credit and accounting department was small, and prospects of promotion limited; another limited; another wrote, “cannot be done in this department here.”

Among the “yesses,” was an executive who stated that vacancies were filled from the ranks, whenever possible. Another extremely liberal employer answers—“We not only intend, but do promote our employees even to the extent, in many instances, of securing them better positions on the outside.”

However, in a few cases, the “yesses” were given with those reservations which employees—and employers—know so well;—“Yes, whenever possible,” “sometimes,” “rather reservedly,” “only in isolated cases,” “in certain departments,” etc.

It would seem, however, from the large majority of affirmative answers to this question, that the credit departments concerned offered plenty of chances for promotion.

The questions based on the training and holding of employees will be discussed in a second article to be published in a later issue.

ISSUED BY THE

INTERCHANGE BUREAU
NATIONAL ASSOCIATION
OF CREDIT MEN

GOOD FOR		ALWAYS GOOD	
UNLIMITED miles of transportation prosperity along the road of safe credit.		JAN.	JULY
FROM ISSUING STATION TO SUCCESS		FEB.	AUG.
VIA your membership in the Interchange Bureau of the National Association of Credit Men.		MAR.	SEPT.
FIRST CLASS		APR.	OCT.
Interchange Bureau gives you only first class information. Facts based on figures taken from 1000 lodgers of leading manufacturers, jobbers, wholesalers and banking institutions of the country who have had dealings with the prospect being considered.		MAY	NOV.
STOP-OVER		JUNE	DEC.
Long enough to investigate thoroughly your customer asking for credit. It will save you dollars and worry later. Each year (1) advised credit companies and (2) advised credit departments do not step away long enough to get all the facts from figures.		DATE	1
BAGGAGE		2	3
Get all the reports you need. You are not limited. Requested reports will be sent you any time and immediately.		4	5
RESPONSIBILITY		6	7
57 offices in 41 cities have assumed the responsibility of serving you. By careful checking they see you are given straight unbiased facts based on ledger experience.		8	9
RETURN		10	11
This is a one way road. No return. Having reached success via the Interchange Bureau Service road you will stay there. All other conditions being equal.		12	13
THIS TICKET VALIDATED		14	15
At the Interchange Bureau Terminal, Dr. 17 18		16	17
1927-31		18	19
GOOD FOR UNLIMITED MILES OF SAFE CREDIT TRANSPORTATION.		20	21
ISSUED BY INTERCHANGE BUREAU NATIONAL ASSOCIATION OF CREDIT MEN		22	23
Start yourself on your journey to business success via Safe Credit.		24	25
Sign and return the coupon. Full particulars concerning membership in the Credit Interchange Bureau of the National Association of Credit Men will be forwarded immediately.		26	27
Name _____		28	29
Firm _____		30	31
Address _____		EVERY YEAR	
City _____			
INTERCHANGE BUREAU NATIONAL ASSOCIATION OF CREDIT MEN			
810 LOCUST ST. ST. LOUIS, MO.			

The above “ticket”, printed in the size and colors of a railroad ticket, has been distributed from St. Louis by the National Association of Credit Men's Interchange Bureau.

George R. Barclay

THE credit fraternity suffers a genuine loss in the death, on April 15, of George R. Barclay, of St. Louis. His death was the culmination of illness lasting over a year.

Mr. Barclay's business career began at the early age of 12, when he started to work as a messenger, and later as a clerk, for the Missouri-Pacific R. R., of St. Louis. His next step was to the shipping department of the Simmons Hardware Co. of St. Louis, of which he later became Credit Manager, and finally Vice-President.

Mr. Barclay was always an interested and active member of the National Association of Credit Men and rose to the position of Vice-President of the organization. His death marks the passing of another pioneer in Association work.

Howard E. Brittain

THE death of Howard E. Brittain, manager of the Adjustment Bureau of the Toledo Association of Credit Men, is a severe loss to the entire National Association. Mr. Brittain was fatally injured on April 15, when his automobile collided with a street car in Toledo.

He had been manager of the Adjustment Bureau of the Toledo Association since March, 1926, after twelve years experience as credit manager of the Pittsburgh Plate Glass Company. He was at one time president of the Toledo Association, and in 1926 was president of the Toledo Scout Leaders' Association.

Bert H. Franklin

BERT H. FRANKLIN, who had conducted investigation and prosecution work for nearly twelve years in the Los Angeles district for the National Association of Credit Men, and who was an investigator for the Credit Protection Department of the Western Division, died suddenly on April 26. His death will be severely felt, not only in the West-

ern Division, but in the entire National Department.

Floyd T. Jackson

THE death last month of Floyd T. Jackson, an investigator for the Credit Protection Department of the Western Division of the National Association of Credit Men, meant a great loss to the Association. Mr. Jackson had been doing valuable work in the Credit Protection Department for some time.

The Financial Statement

The class in credits conducted by National Director George J. Clautice, of Baltimore, at Johns Hopkins University, held a debate recently on the financial statement alone as a basis for granting credit. Three students spoke for the affirmative and three for the negative. After a close contest, the affirmative was awarded the decision, and the debate proved conclusively that credit cannot be granted wisely without the aid of sufficient information.

ASK the sales manager some time if he uses the City Directory for mailing lists. He can select from it just the sort of people who will want your product.

And delivery costs are lower when the shipping clerk checks addresses and makes out routes with the aid of the City Directory.



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USE THE CITY DIRECTORY *More than a Billion Consultations in 1926*

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Answers to Credit Questions

National Association of Credit Men

One Park Avenue, New York

Mechanic's Liens

Q. Is it legal for a concern, having a received from one of its customers an order upon a third party to pay to it monies due and to become due to the customer from the third party, to leave such an order with the debtor; and does the New York Law require that such an order be filed with the County Clerk?

A. An assignment or order for the payment of money becomes operative upon notice to the third party that the assignment or order has been made. The proper thing to do is to serve the third party with a copy of the order of payment.

As against third persons having liens or rights to liens upon the fund, it is ineffective unless a copy of the order be filed with the County Clerk of the County in which the real property that is improved is situated, within ten days after date. (See *New York Lien Law, Sec. 15.*)

Bad Check Law

Q. Do the Bad Check Laws of the several states, particularly in Pennsylvania and New Jersey, require that notice of the dishonor of a check be sent to the maker by registered mail?

A. There is no requirement that notice of dishonor be sent to the maker, in the Bad Check Laws of either New Jersey or Pennsylvania; nor is such a provision in any of the Bad Check Laws so far as we know. The statutes usually provide that, if the maker of the check shall not have paid the same within five days after receiving notice that such check has not been paid, it shall be presumed that the check was given with intent to defraud and with knowledge of insufficient funds to pay the same. Actual notice of any kind would be sufficient under such a statute, but the most satisfactory way of giving such notice is by personal service upon the maker of the check.

Conditional Sales

Q. What are the requirements of the law, particularly in the states of New York and Virginia, regarding the releasing of conditional sales contracts?

A. The law of New York and the law of Virginia requires that conditional vendor furnish to the conditional vendee, after the condition has been met by payment in full of the purchase price, a satisfaction piece, evidencing the payment, provided demand for the satisfaction piece is made by the conditional vendee.

An appropriate form of such a satisfaction piece will be found in the *Credit Man's Dairy for 1927*, on page 525. Such a satisfaction piece should be acknowledged by the conditional vendor before a Notary Public and the corporate seal annexed, and a County Clerk's Notarial Certificate affixed to the instrument.

As To Legal Advice

THE National Association of Credit Men supplies answers to credit questions and some of the answers, of general interest, are printed regularly in the *Credit Monthly*. Advice cannot be given, however, regarding legal rights and liabilities. Such advice should be obtained from an attorney to whom all the facts should be stated. When such inquiries are received, information is furnished only as to the general principles of law involved.

—E. P. P.

Liability of Collecting Bank

Q. What redress has the client of a New York bank who deposits the check of a customer drawn on a Florida bank which failed after the check had been charged to the maker's account and returned to him; and if payment was stopped on the draft which the failed Florida bank had sent to its Philadelphia correspondent in the course of settlement?

A. The law is well settled that where a bank on which a check is drawn fails after charging the amount of the check to the depositor's account, the maker of the check is discharged from any further liability to the creditor.

The relationship between the bank and creditor, after charging the debtor's account, was that of debtor and creditor and not principal and agent, and the client's sole recourse is against the bank which has failed.

The draft issued by the Florida bank against its Philadelphia correspondent gives the client no rights against the Philadelphia bank, inasmuch as payment was stopped before the draft was accepted by the Philadelphia correspondent. (See *Credit Man's Dairy for 1927*, page 340, and *Baldwin's Bank vs. Smith*, 215 N. Y. 76.)

Right of Set-off in Bankruptcy

Q. Is it proper for a bank to seize the funds of an alleged bankrupt on deposit and credit them on account of its claim?

A. Section 68 of the *Bankruptcy Act* provides that "In all cases of mutual debts or mutual credits between the estate of a bankrupt and a creditor, the account shall be stated and one debt shall be set off against the other and the balance only shall be allowed or paid." Pursuant to this section of the *Bankruptcy Act*, a bank has undoubted right to seize a deposit and apply it on account of an indebtedness from the bankrupt to the bank. The reason for

this is that the relationship of a bank to its depositor is that of debtor and creditor. There are, therefore, mutual debts and credits within the meaning of the above section.

Conditional Sales

Q. What protection is given by the courts in the State of Michigan to a holder of a regular conditional sales contract when a third party steps in or tries to? Is it correct to assume that a contract is valid against third parties when goods are sold direct to a consumer, and would it have to be filed if they were sold to a party who intended to sell them again?

A. The Michigan statute contains no provision requiring filing or recording a contract of conditional sale to make it valid against third parties, except in cases where the chattels are sold to dealers for the purpose of resale.

In the absence of a statute to the contrary, a contract of conditional sale is good as against all persons without filing or recording.

Effect of "No Protest" on Checks

Q. What effect do the words "No protest" have on a check? Is it an advantage to the maker of the check or to the party who receives it?

A. Protest and notice of protest are necessary to charge the endorser of a check which is drawn in one state and payable in another. If the words "no protest" appear on the check, it is notice to the bank that the instrument is not to be protested in case of dishonor. There is no necessity for protest unless there are endorser on the instrument and the purpose of marking checks "no protest" is to avoid the unnecessary expense of protest on unendorsed instruments. This is the only effect of the printing or stamping of these words on a check. The drawer of the check is the party by whom the words "no protest" should be put upon the instrument.

Composition Settlements

Q. What remedy has a creditor when a composition settlement is offered although he does not accept it, and subsequently he receives a notice of sale pursuant to the Bulk Sales Law?

A. The remedy for such a situation is afforded by the *Bankruptcy Act* which would permit the filing of a petition in bankruptcy if the circumstances would warrant. The object of the notice under the Bulk Sales Law is to enable creditors to inquire into the consideration for the proposed sale, and to determine whether any action is necessary for their protection.

A Message to Salesmen

HARRY C. BARNES, Credit Manager of Supplee-Biddle Hardware Co., Philadelphia, sends to the CREDIT MONTHLY the following "Letter from the Credit Department to the salesmen":

The Credit Department is in the market for a large line of assorted and profitable accounts of all sizes:

Big accounts, seeking a change of environment.

Little accounts, growing like babes, and in need of a guiding hand.

New accounts, with bright prospects for a glorious future.

Old accounts, venerable and respected, but too lively to be held in control by any one house.

Moral risks, short on cash but long on character—which is the foundation of all Credit. These will be given the glad hand of fellowship.

Accounts with a past—victims of the sheriff—worthy but unfortunate, will be welcomed, after passing the Investigation Division.

Slow accounts. The department will also consider a choice assortment of slow accounts, which lag behind, but are willing to be towed along at regular interest rates.

We specialize on the kind of accounts that are laid away in 10 days, of 2 per cent. fever, but beware of the pests who discount 90 days after maturity—also the fellow who dates back his checks and then fails to affix his signature.

We have unlimited credit in exchange for the right kind of accounts; and, in order to stimulate sales, we offer the following:

Prizes: The salesman who produces the best results, will receive an Ingersoll watch with 17 jewels, a vote of thanks from the Sales Manager, written by hand, and a new catalog case with two leather handles and a brass lock. Now boys, get busy! We are planning to enlarge the Credit Department to accommodate the increased business that is sure to follow this announcement.

Check Insurance Policies

All insurance policies held by concerns should have the advantage of careful scrutiny and checking of the credit manager of the concern, according to Charles F. Frizzell, Jr., an insurance expert, in a recent address to the Philadelphia Association of Credit Men.

"Insurance is simply a patchwork of contracts made with several insurance companies, leaving many loop-holes for losses," says Mr. Frizzell. "The terms of the policies are ignored. The policies are filed away and often cannot be found in an emergency. Business houses frequently duplicate their 'coverage,' on some of their property, while unknowingly remaining unprotected on the rest."

Arbitration Code

An Arbitration Code setting forth the principles of the American Arbitration Association was adopted at a recent meeting as follows:

Arbitrate all business disputes.

Arbitration is justice, not compromise.

Settle a dispute immediately and privately.

Select impartial judges who know the trade.

Arbitrate under standard rules of procedure.

Avoid future disputes by clauses in contracts.

Arbitrate under uniform state arbitration laws.

Execute an award promptly and in good spirit.

Use trade facilities or joint trades tribunals.

Eliminate waste and ill-will by education through trade associations in co-operation with American Arbitration Association.

Herbert C. Hoover and Charles L. Bernheimer are Honorary Presidents of the Association. Anson W. Burchard is President. The National Association of Credit Men, which for many years has favored the principle of the arbitration of commercial disputes, is represented by a Vice-Chairman in the American Arbitration Association by Executive Manager J. H. Tregoe of the N. A. C. M.



Credit INSURANCE

A PENNY saved is a penny earned. A loss saved is a profit earned. The best insurance obtainable is the preventing of loss that the Insurance protects.

Until the "London" entered the Credit Insurance business and provided "Service" there was no co-operation between Company and Insured.

The "London" has maintained the high standard of efficiency in helping to solve the problem of the Insured pertaining to the handling of *Slow* and *Insolvent* debtors. A record of twenty-two years has built up an experience to be proud of, touching every situation which may possibly arise.

Now is the time to have the plan explained.

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Head Office: 55 Fifth Avenue, New York City

Oliver J. Matthews, Mgr. Credit Insurance Dept.
C. M. Berger, United States Manager

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PENSIONS

THAT is a word which has caused a lot of cogitation on the part of both governments and private business.

The immense resources of life insurance companies, their legally founded financial strength, have been applied to the problem of pensions.

The Massachusetts Institute of Technology has recently taken an interesting step in this direction. In addition to the Retirement Features, the Tech plan also provides for Death and Disability Benefits. This is a special application of Group Insurance as written by the John Hancock Mutual Life Insurance Company.

The plan is adaptable to the needs of firms and corporations and requires only a modest appropriation to set it in motion. The cost is well within the means of both employer and employees.

We shall be pleased to furnish you, without obligation on your part, full information as applied to your own needs. Write to Inquiry Bureau,

John Hancock
MUTUAL
LIFE INSURANCE COMPANY
OF BOSTON, MASSACHUSETTS

197 CLARENDON ST., BOSTON
C.M.

Make Money — Or Quit!

(Continued from page 16)

manager make a very complete investigation of his method of doing business and insist upon at least a profit and loss statement every month. Any one else who invested money in the business would insist upon doing this if he was a wise investor.

For years a certain man was securing credit on the basis of the money he would some day inherit from his father. When he finally did get that money, it was not enough to pay what he owed. It was necessary to settle at less than fifty cents on a dollar. Since the time his credit rating has been based not on a prospective inheritance but on what he himself is doing he is making more money than he ever made before. But if his creditors insisted on a

profit and loss sheet every month—based on an accounting system that would check wastes and point the way to greater profits—this man would be making at least twice, perhaps several times, what he is making. His greatest business fault is carelessness in regard to his accounting system. Indeed he really has nothing that could rightly be called an accounting system.

Credit extended to a man who is losing money only makes it harder for other men to do business. The man who does not know accurately what it is costing him to do business is likely to quote prices that create unfair competition. He may actually be selling for less than cost and this makes it just that much harder for those who do know their costs to secure prices that will show a profit. If the man who is doing business at a loss is buying on credit, then the concerns selling him are working an injustice on those who are doing business on a sound basis. They are supplying capital to the incompetent business man to be used to compete unfairly with the competent business man. They are actually making those customers who are their best credit risks poorer risks because they are cutting down those customers' margin of profit and bringing it closer and closer to the danger line.

Price Cutting

This is not mere theory. In certain industries conditions in some communities reached a stage where the wholesalers were having a hard time to make ends meet. Business had been all shot to pieces by men doing business at less than cost simply because they did not know what their costs actually were. In some of these communities the price cutting concerns were persuaded to adopt a standardized system of accounting. Wherever they have done this conditions have greatly improved. Business has improved at a really surprising rate, the wholesalers have seen their credit losses reduced to a minimum, and the whole industry in that community has become prosperous.

Wholesalers' credit managers might well insist on efficient and ac-

curate accounting by their customers. "Accounting—or cash!" might serve as a slogan.

In a city of between 200,000 and 300,000 population there are a number of printers. It was only a few years ago that all but a few of these printers were really bad credit risks. Nearly all were slow pay. Only those who were doing business on a quality basis, knew their costs accurately, and charged prices that showed a real profit, were prosperous and good credit risks. After conditions had reached a rather desperate stage, these money-losing printers got together and began studying costs. Not until then did some of them even know how much money they had been losing. Most of them put in a reliable cost accounting system and since then there has been a marked increase in prosperity among them, with a corresponding improvement in their credit.

It would have been much better for all these printers if from the time they had gone into business every house from which they bought goods had insisted that they prove they were making money or pay spot cash for everything purchased.

Instalment Dangers

One of the greatest dangers of the present system of instalment selling lies in the fact that the average seller under this plan is not careful enough to make certain that the purchaser has an income large enough to pay all the instalments he is obligating himself to pay. With the sales pressure that is being put back of the instalment idea some buyers may obligate themselves beyond their power to pay and goods will come back to the seller.

Therefore, when extending credit to concerns re-selling on the instalment plan it would seem wise to make first, a careful study of the methods they use and second, an estimate of what would happen if a large percentage of the goods sold should have to be taken back. In other words, if credit losses are to be reduced it is necessary to know not only what a debtor merchant's profits are but the losses he at any time may be forced to take.

When writing to advertisers, please mention the Credit Monthly

Getting Results

ANOTHER evidence of the widespread use of the "Addresses Wanted" column in the CREDIT MONTHLY comes from the Credit Manager of a large wholesale concern, who writes: "The undersigned, who reads your magazine from cover to cover would like to add 'me too' to the statement of the gentleman who says, 'The moment the magazine reaches me, I look for this list.'"

"Only last month I wrote your office giving the address, which I was able to secure, of a person formerly residing at Chenango, Texas, who had moved, so I had been informed, to Waco."

Addresses Wanted

ATHEY, ROBERT D., formerly in business in Chicago. Later became connected with National Safety Council, Chicago. Now believed to be in New York.

BAILEY, OLIVER, Manager Bailey's Better Stains, 916 East 19th St., Kansas City, Mo.

BARLES, TOM, prop. Bethlehem Wholesale House, Bethlehem, Pa., prior to that operated Royal Confectionery at Keyser, W. Va.

BARROWS, MARY A. MISS, Gallipolis, Ohio. Now believed to be in Brooklyn or New York, operating a tea room.

BENNETT, C. E., News Agent for Crescent News and Hotel Co., on Louisville & Nashville Ry. Line in 1925.

BENON, DAN G. and DR. ROBERT A., Minneapolis, Minn. Dr. Robt. A. Benon reported to be in New York.

BICKEL, JOHN, 4623 No. Western Ave., Chicago, Ill.

BLITZ, LOUIS, 1105 West Harrison St., Chicago, Ill.

BOLEWSKI, S. E., 6515 Lincoln Ave., Chicago, Ill.

BOOHER, M., painter 2617 E. 9th St. and 4023 E. 69th St., Kansas City.

BROWN (GEO.) ELEC. CO., 277 No. Broad St., Elizabeth, N. J.

BRUCE, W. W., formerly of Minneapolis, now believed to be representing Chicago manufacturer on the road.

BURLAGE, JOHN, painter in Lombard, Ill., moved to Whiting, Indiana.

BUSHNELL, HOWARD E., 28 Church St., New York City.

BLUMENTHAL, MAURICE H. (MR. and MRS.), Maury's Toggery, 3508 Cass Ave., Detroit, Mich.

CAMPER & COHEN, 101 No. Sacramento Ave., Ventnor, N. J.

CHERKES, WM., 239 S. Third St., Philadelphia, Pa.

CORNELIUS, F., prop., Union Sign Works, 235 Chartres, New Orleans. Now believed to be in Terre Haute, Ind.

CRABTREE, W. C., Agency of the Franklin Motors Car Co., New York City, also Daytona Beach, Fla.

CUT RATE SUPPLY CO., 74 W. Forsythe St., Jacksonville, Fla.

DAVIS, JOHN T., plumber, 248 W. 105th St., New York City.

DYSON, GLEN, painter Kansas City, Mo., reported to have gone to Seattle, Wash.

FISHER, M. M., Fashion Shop, 341 W. Church St., Orlando, Fla.

FRESE, J. M., 10412 Euclid Ave., and Euclid Beach Park, Cleveland.

HEFFIELD, E. A., Red Ball Service Sta., El Paso, Texas.

HERBERT, W. A., Jr., 336 No. 55th St., Philadelphia, Pa.

HINES, M. M., Cleveland Square Garage, El Paso, Texas.

HINTON, ED., painting contractor, 252 N.W. 1st St., and 135 N.W. 2nd St., Miami, Fla., believed to have gone to New York City.

JOSEPH, J., Norlina, N. C.

KELLY, GEO. T., was in tire business in 1922 at Poplar, Montana.

KIAPOS, GUS, 1712 West Roosevelt Road, Chicago.

KRYLE, JOSEPH M., Kryle Bridge & Crane Works, 2906-18 W. 26th St., Chicago, Ill.

LEAVITT, A. L., Leavitt Construction Co., 1775 N.W. 34th St., Miami, Fla., believed to have gone to Los Angeles.

LEDERER, CHARLES, 442 Steinway Ave., Long Island City, N. Y.

LEDERER, SOPHIE, 4768 No. Franklin St., Philadelphia, Pa.

LOCKWOOD, H. L., Aeroplane and automobile driver for special celebrations—transient—was in Milwaukee for a time.

LYONS, HARRY, Bramson Bldg., 367 Main St., Buffalo, N. Y.

MANDELSTEIN S. (MRS.), 2020 - 80th St., Brooklyn, N. Y.

MULFORD, GEORGE, prop., Radio Shop, 407 Broadway, Camden, N. J.

MULFORD, ROY, 3rd and Cooper Sts., Woodlyn, N. J.

PHILLIPS, J. A., Blue Ridge and Richmond, Kansas City, Mo.

SAMPSON, HARRY T., Sampson Garage, Oatman, Ariz.

SAPULPA DRUG CO., Sapulpa, Okla.

SHEPARDE STUDIOS, Florence L. Shepherd, prop., 1 W. 67th St., and 100 W. 53th St., New York City.

SIMONSON, W. E., 5523 Highland, Kansas City, Mo., 2023 W. 17th St., Oklahoma City, formerly salesman for Hirsch Bros. & Co.

HELP WANTED

"Young man wanted for credit work. Must have previous experience; and a knowledge of bookkeeping, and be able to work independently. State all details." Address Box No. 61.

POSITION WANTED

"Credit Executive—possessing all qualifications necessary for successful management of Credit Department desires connection with responsible firm or bank. Fifteen years in present position and willing to live anywhere. Salary \$5,000." Address Box No. 62.



Service That Follows Through

DRAFTS against bills of lading, sent to the Out-of-Town Office of American Exchange Irving Trust Company, are closely followed through every step until the money is collected. This Company's car tracing service automatically follows up goods shipped under arrival drafts, if not delivered on schedule.

In this way losses on perishables are often prevented, and payment of drafts is expedited. Customers are not involved in disputes and receive their remittances promptly.

The same care and attention is given by this Company to all domestic and foreign transactions. Every item of out-of-town business is followed through in the best interests of the customer.

OUT-OF-TOWN OFFICE

AMERICAN EXCHANGE
IRVING TRUST COMPANY

Woolworth Building, New York

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The Business Library

By Frank A. Fall, Litt.D.

Director of Education and Research, National Association of Credit Men

A Rewritten Classic

ACCOUNTING: ITS PRINCIPLES AND PROBLEMS. Henry Rand Hatfield. D. Appleton and Co., N. Y. 1927. 548 pp. \$3.50.

Much water has gone under the accounting bridge since 1909, when Dr. Henry Rand Hatfield, now Dean of the Faculties of the University of California, published his "Modern Accounting." In view of this fact, Dr. Hatfield decided not to revise his accounting classic but rather to rewrite it completely. The result is this concise and practical statement of the currently accepted principles and theories of accounting.

At the outset Dean Hatfield calls attention to several causes that have contributed to progress in accounting during the past two decades. One is the rapid increase in the number of large corporations. Another potent factor was the influence of the Interstate Commerce Commission. Still another, and possibly most important of all, was the enactment of the Federal income tax law, which emphasized the necessity of keeping accurate accounts of annual income.

In rewriting "Modern Accounting" Dean Hatfield omitted a few chapters that were not completely pertinent to the subject, and added new chapters on the consolidated balance sheet and the interpretation of accounts. Also, in response to the current "Ask Me Another" craze, he added a collection of questions and problems suited to classroom work.

The sequence of topics begins with the balance sheet, and continues with a discussion of assets and their valuation; depreciation; capital stock; liabilities; profits; dividends and capital losses; surplus and reserves; sinking funds; trading, manufacturing and income accounts; cost accounts; partnership; statements; and the construction and interpretation of the consolidated balance sheet.

Some very useful material for credit managers is found in Chapter XXIII on "Interpretation of the Balance Sheet." There is a brief discussion of the current ratio, the "acid test," and other ratios, such as receivables to merchandise, net worth to fixed assets, sales to receivables, sales to merchandise, sales to net worth and total liabilities to net worth.

Enterprising credit executives are using these ratios in their work today as they never have before. The ratio between sales and receivables, for example, emphasizes the rapidity with which payment is made for purchases, and gives an indication as to how soon payment of the outstanding receivables may be expected.

The ratio of sales to net worth is significant as indicating how far the concern is efficiently managed in turning over its capi-

tal, and the ratio of total liabilities to net worth shows the extent to which the owners of the concern have contributed capital as a guaranty fund for the protection of creditors.

Profits — Popular Style

BUSINESS WITHOUT A BUYER. William Trufant Foster and Waddill Catchings. Houghton Mifflin Co., Boston, 1927. 208 pp. \$2.

Here we have "Money" and "Profits" translated into English, or (more accurately) into American. And a most readable book it is! Michael Arlen having fallen from grace, we nominate the Pollak twins to do the next thriller, *pour le sport*.

Seriously, this book will reach a far larger audience than "Money" and "Profits" together ever did. There are statistics, charts and graphs, but not so many of them as to make the reader abandon his task through sheer exhaustion. The play is well cast, containing, as it does, such well-known figures as Henry Ford, Mussolini, and Instalment Selling.

Business, we learn, is suffering under the curse of Sisyphus (alias Business Cycle). Our chief economic problem is to discover why business periodically suffers a depression and throws millions of men out of work, and why the net result of all our efforts is so little progress toward steady employment and higher standards of living for the people generally, in spite of the unquestioned fact that our available natural resources, capital equipment, labor-saving inventions and technical efficiency are far beyond anything the world has ever known before.

Why do we not make greater progress? First, because we do not use our vast productive resources—our men, materials, machines and money—at any approach to capacity. Why not? Because we fear that we cannot sell the goods at prices that will make continued production possible. Why not? Because people who would like to buy them do not have sufficient incomes. Why not? Well, now you have asked us something.

You see, the people must save part of their income, much as they would like to spend it all. Savings bank deposits have been mounting steadily for at least 15 years. Even during the world war period and the depression of 1921 they kept increasing. And what the people save, they can't spend. (Enter "The Dilemma of Thrift.")

So we are cursed with underconsumption. And poor Mussolini—that is the key to his problem. The flow of money to consumers depends mainly on productive activity; but productive activity depends mainly on the flow of money to consumers.

Where are we to break into this endless chain in order to find the place where influence should be brought to bear to sustain prosperity?

Where indeed? William and Waddill may tell us later. They do not take a hopeless view; they do not believe in the Economics of Despair. They are confident that they can propose a simple, feasible and immediate way out of the Dilemma of Thrift,—a way to save and thrive, a cure for business depressions, a means of enabling the people as a whole to gain greater and more durable satisfaction out of the marvelous machinery of modern business. And what, patient reader, is this way out? We are sorry to say that we cannot tell you until W. and W. put out their next book.

Mail-Order Selling

PRINCIPLES OF SELLING BY MAIL. James Hamilton Picken. A. W. Shaw Co., Chicago, 1927. 374 pp. \$6.

The sales methods presented in this volume by a member of the faculty of the Northwestern University School of Commerce have been developed through ten years of professional work in the field and in the university classroom. The rules given embody the fundamental points of letter-writing in use by experts, and they are equally practical for business men who want to get better results and students who want to learn how to write effective letters.

The book has four chief divisions. Part I is an introductory section on the general topic of the business letter and its use. Part II deals with rules and formulas. It presents the fundamental principles of letter-writing, and has chapters on the complete mailing effort, analyzing the proposition and prospects, and adjustment and collection letters. Part III consists of four chapters on the use of letters, and Part IV deals with correspondence supervision.

For credit managers, the most significant chapter is the one dealing with collection letters (Chapter VI, beginning on page 170). Sales letters, adjustment letters, and collection letters are the "big three" in business letter-writing. There are, of course, other forms, but the vast bulk of all business letter-writing falls into one or the other of the three classifications mentioned, and the letter-writer who can handle these three forms is amply equipped to write any other kind of business letter.

Collections letters, says Mr. Picken, are a special type of sales letter. Their purpose or function is to sell a debtor into paying his account. The capable collection manager is obliged not only to collect such money as may be due, but to do it in such

a way as to hold the business of the debtor in view of the recognized difficulty and expense of winning new customers. This is, of course, "old stuff" for experienced credit managers, but frequent repetition of it can do no harm, and may do some good.

Mr. Picken makes, on page 176, an interesting attempt to chart the various types of debtors and the types of collection appeal to be used in each case. He divides all debtors into three classes: those who pay when informed; those who need time to make payment; and those who pay only when forced to do so. For the first class, the suggested appeals are: account overlooked; want accounts closed by certain date; mention final discount date; ask if any reason for delay; tie up with appeal for further purchases.

For those in the second class (those who need time because of lack of working capital, slow collections, poor business or inefficient management) the suggested appeals are to honesty, pride or fair dealing; need to keep credit clear; suggest sending bank draft; suggest partial payments; use mild threats.

For those in the third class (those who pay only when forced to do so) the author suggests an appeal to pride or fear, threat of a suit, and in the case of debtors who are obviously dishonest, the actual starting of a suit.

A Manual of Selling

SALESMANSHIP. Charles H. Fernald. Prentice-Hall, Inc., N. Y., 1926. 478 pp. \$4.50.

Among the topics covered in this manual are the scope of salesmanship; products; channels of trade; personality in selling; instincts, motives and desires; the sales canvass; securing the interview; questions, objections and excuses; and advertising as an aid to salesmen.

More interesting than any of these to credit managers, however, is the material included in Chapter XVI on "The Salesman as a Credit Representative and Adjuster," and particularly the references therein to relations between the sales and credit departments. For example, a prominent sales manager is quoted as follows:

"It is a fact which all salesmen will verify that most credit men look upon themselves as policemen of accounts, and a good deal of the Cossack type of policeman, at that. They do not tactfully undertake to make themselves popular and try to sell themselves to the trade or to the sales force, but, on the other hand, convey to the sales force a 'mightier than thou' attitude. Maybe the Association of Credit Men will say that this is not so; but on the other hand most people fail to see themselves as others see them. . . . The salesman must show people the value and sell them the service of the house, — of the production and sales departments. In turn, the credit man must sell the trade and the sales force the thing which the credit department has to offer—that is, stabilized prosperity and good business for the house. . . . When the credit man tells the salesman the reason why an order was turned down, the salesman soon learns to believe that the credit man is a human being. It is true, though, that the average credit man can well afford to learn more about salesmanship, just as the average salesman can learn to advantage more about the credit end of the business."

The credit manager is, as Mr. Fernald suggests in commenting on the statements just quoted, between two fires. In his desire to protect the business from credit

losses, he may refuse to approve many of the orders taken by the salesman, thus creating hard feeling. On the other hand, if he is too lenient he is criticized by his superior officers for allowing the credit loss percentage to increase. This is the credit manager's dilemma, and all he can do is to steer a middle course between the extremes of being too hard and being too easy.

In case this text is revised, we suggest that a correction be made in page 393. "National Association of Credit Men" should be substituted for "American Association of Credit Men."

We Have with Us Tonight

ESSENTIALS OF PUBLIC SPEAKING. Warren C. Du Bois. Prentice-Hall, Inc., N. Y., 1926. 268 pp. \$2.

One of the most interesting developments in the National Association of Credit Men during the past year has been the emphasis on training for public speaking in a number of local Associations and in Chapters of the National Institute of Credit. The results of this training are plainly visible in the increased power of officers and secretaries of the locals, and students in the Institute Chapters, to stand on their feet and express their thoughts clearly, and without hesitation or embarrassment.

Mr. Du Bois, who is instructor in public speaking in the New York University School of Commerce, Accounts and Finance, has provided in "Essentials of Public Speaking" a convenient manual, presenting a comprehensive summary of the fundamentals of public speaking as he has taught them for fourteen years.

The author begins by discussing such topics as how to overcome fear of an audience, how to assure voluntary and involuntary attention, and how to take advantage of such factors as anticipation, curiosity, and suspense. He analyzes the purposes of speaking and explains in detail how speeches are prepared. He deals with the various aspects of delivery and graphically describes the assets of a successful public speaker.

A favorite scheme of outline among seasoned speakers, says Mr. Du Bois, runs as follows:

1. State your facts.
2. Argue for them.
3. Appeal for action.

The principles of salesmanship offer the following arrangement:

1. Get the attention.
2. Develop the interest.
3. Create the desire.
4. Secure action.

The former states the case from the speaker's viewpoint; the latter names the stages of the resulting psychological development. One complements the other; both should be observed in constructing the speech.

These are surely practical suggestions, and they are typical of the author's general approach to his subject. Good speakers are not, of course, developed by the mere reading of books, but anyone who studies this manual carefully and puts into practice the principles so clearly enunciated therein will find his path to effective speaking smoothed to a considerable degree.

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Business Magazines Listed

The Business Branch of the Free Public Library, Newark, N. J., finds that periodicals furnish the latest and most comprehensive answers to questions on commercial developments and news. Some 400 business magazines are currently received, and a grouping by subject was necessary. The CREDIT MONTHLY is listed under Credits, Book Reviews, and Accounting. The result of this grouping is a printed list of 140 topics, which contains, among other items, 76 magazines giving the prices of commodities, 24 on advertising, 12 on the chemical and drug trade, 28 giving investment quotations, 26 on retail stores, etc. This printed list may be obtained free of charge by writing to the Librarian, Miss M. C. Manley, Business Branch of the Library, 28 Clinton Street, Newark, N. J.

When writing to advertisers, please mention the Credit Monthly

Seattle in 1928?

An Invitation Extended to the N. A. C. M.

By John A. Bennett

Secretary, Seattle Association of Credit Men

IN a spirit of true brotherly love for all the one hundred and forty-two fellow Associations of Credit Men throughout these great United States, Seattle is again extending a most cordial invitation to the National Association to meet there in 1928 for its 33rd Annual Convention.

Seattle's claims for the honor of holding the National Convention in 1927 were well recognized. Knowing however that Louisville longed for the Convention this year, Seattle withdrew its invitation and heartily endorsed the claims of Louisville. Now that all are united in saying that the Silver Anniversary Convention bids fair to eclipse all previous records for constructive and interesting work accomplished, combined with entertainment and southern hospitality—Seattle renews its invitation.

To enumerate and describe all the attractions of this charmed land in the heart of which is located Seattle, might start a stampede. We who know them well, may appreciate the thoughts of the darkey in a story told long ago. Accompanied by his young son astride the faithful old mule returning from a long tiresome trip, the boy drowsily exclaimed, "Pappy, we gwine soon be home and den de good old feast of 'possum," which immediately got for him a resounding whack on the ear with the

admonition "Shut up, you fool niggah. Do you want this mule to run away wid us?"

A Few Advantages

To tell all about our wonderful section of this wonderful country might cause some runaways, but may we mention a few things?

The climate in Seattle is delightful—it can best be described as not too cold in winter, and not too hot in summer.

branches and a line to California as well as steamship lines which reach to all parts of the world.

For outdoor sports and amusements, Seattle is a paradise with automobiling over hundreds of miles of paved roads, fine fishing, boating, mountaineering and hunting. Golf is always in season, and can be played in the winter almost as well as in the summer.

The people of Seattle are hospitable. Although our charmed land cannot claim to have all the hospitable people—for everywhere in this great land are found our type of good true generous loyal people—it has been said by those who have dwelt among us that we compare favorably with other localities.

The invitation to come to Seattle in 1928 is extended in a sincere sincerity with confidence that in our city are accommodations ample to care for all,

and that here will be found a meeting place where conditions are ideal for the deliberations of our National Convention.

Essay Contest

ANNOUNCEMENT of the winners of the \$400 in prizes offered by the Casualty Information Clearing House of Chicago for the best essays on Casualty Insurance will be made in the July issue of this magazine. The winning essay will also be published.



Mt. Rainier, as seen from a small lake in Indian Henry's Hunting Ground, Rainier National Park.

The natural beauty of Seattle is unsurpassed. Volumes could be written about its many hundreds of beauty spots.

The commercial advantages are many—Seattle leads in lumber, shingles, fish, and apples. Agriculture, manufacturing, dairying and other lines are profitable. Seattle dominates commerce with Alaska, and has the nearest port to the Orient.

There are transportation facilities for any emergency—six transcontinental railroad lines besides local

"My Wife Is a Peach and Bakes Her Own Bread"

THE letter reproduced below was sent to the CREDIT MONTHLY by J. D. Cathon, credit manager of the Hoover Co., North Canton, Ohio, who calls it "a real, honest-to-goodness letter right from the heart of a small-town dealer." It is, in reality, an unconventional financial statement:

"Gentlemen: Your letter relative to statement of my affairs received. You have my last year's statement. There is practically no change. It is no better or worse. My business made money last year, as it always does. I think I wrote you rather in detail last year of my affairs.

"My trouble has been not one of running a good paying business, but of adding my earnings to my reserve. The bank has always been too lenient with me in regards to credit. There are times when a man does not profit by borrowing money—even though he thinks he needs it. Many business men would be better off if, when they ask for a loan, the banker would sit down and go into the thing with them and show the man where he was headed wrong. I could write along here for many pages but you are busy and so am I.

"You want to know my ability to pay my obligations when due. First, the bank is backing me up. Second, I have absolute control of my business at all times in the way of accounting methods. I get as good turnover as most of them do. My business always makes money. My business this year should do as well as last, maybe better. If so, my profits should run \$6,000 or better. I will have to pay out of that life insurance, house expenses, etc. This will run \$4,000, maybe a little less as I am reducing my line of insurance a little. Will still retain \$40,000 plus accident insurance. This will leave me \$2,000 to reduce notes with. Should my business fall off I will reduce my stock in proportion and that will give me more surplus money. I have no auto, radio, player piano or any of the fandangos that take the people's money. I do have a better home than I should have but got into that because I had to have a place to live and the contractor lied to me as to the cost.

"My wife is a peach and bakes her own bread and we do our own washing. I feel this is the year I will start to make real progress."

December Credit Monthly

For certain issues of the CREDIT MONTHLY there is a particularly keen demand. At the present time several copies of the December, 1926, issue are needed,—one by the library of a Western university.



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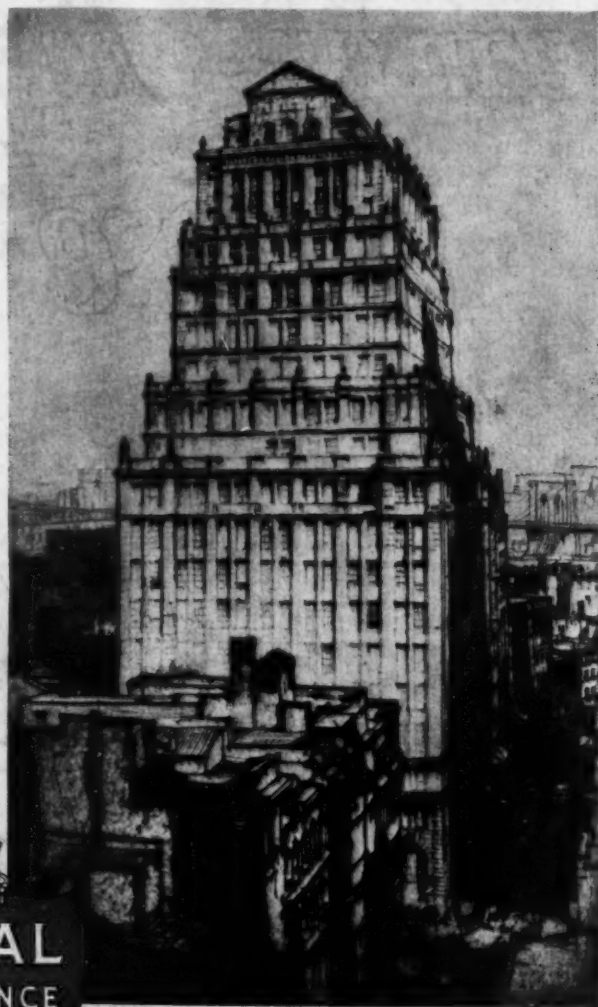
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